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CONTENTS

22 February 1996

INTER-AMERICAN AFFAIRS

Inter-American Affairs: Presidents To Discuss NAFTA *[EL DIARIO DE HOY 21 Feb]* 1
Inter-American Affairs: Central America To Fight Drugs *[TIEMPO 17 Feb]* 1
Inter-American Affairs: Andean Summit in Peru 8-10 Mar *[Madrid EFE]* 2

CARIBBEAN

Cuba

Cuba: Nation Allows Eligible Emigres To Visit *[Havana Radio]* 3
Cuba: U.S. Trying To Form Opposition Movement in Nation *[PRENSA LATINA]* 3
Cuba: Canadian Official From Nova Scotia on Trade Ties *[Havana TV]* 4
Cuba: Health Care in Guantanamo Province Discussed *[Havana Radio]* 4
Cuba: GRANMA Reports 72-Hour Water Service Interruption *[Havana Radio]* 4
Cuba: Roundup of Economic Developments Through 20 Feb *[Havana Radio, etc.]* 5

Haiti

Haiti: Preval Nominates New Director of National Police *[Port-au-Prince Radio]* 6
Haiti: Report on 15 Injured in Carnival Incident *[Port-au-Prince Radio]* 6

MEXICO

Mexico: Authorities Reject 'Inadmissible' U.S. Policy *[LA JORNADA 20 Feb]* 8
Mexico: Newscast Interviews Brazilian President *[Mexico City TV]* 9
Mexico: Zedillo on Support For Alliance With Brazil *[NOTIMEX]* 11
Mexico: Brazil's Cardoso Addresses Businessmen, Congress *[AGENCIA ESTADO]* 11
Mexico: Communique Issued on Alliance With Brazil *[NOTIMEX]* 12
Mexico: CCRI-CG Communique on Peace Talks *[LA JORNADA 15 Feb]* 13
Mexico: Round Two of Indigenous Culture Talks Postponed *[Mexico City Radio]* 15
Mexico: Cardenas Denies Rift Within PRD *[EL FINANCIERO 15 Feb]* 16
Mexico: Energy Sector Development Plan Outlined *[EL FINANCIERO 19 Feb]* 17
Mexico: Roundup of Economic Developments Through 19 Feb *[LA JORNADA, etc.]* 21

CENTRAL AMERICA

Costa Rica

Costa Rica: Nation Would Consider Samper Asylum Request *[ACAN]* 25

El Salvador

El Salvador: Warren Christopher To Visit 25-27 Feb *[EL DIARIO DE HOY 17 Feb]* 25
El Salvador: Medical Campaign Carried Out With U.S. *[LA PRENSA GRAFICA 21 Feb]* 25

Guatemala

Guatemala: Nation Says Conditions for Peace Treaty Exist *[NOTIMEX]* 26
Guatemala: Formal Meeting To Be Held With URNG *[NOTIMEX]* 27

Honduras

Honduras: President Praises Results of Tuxtla II Summit *[LA TRIBUNA 17 Feb]* 27

Nicaragua

Nicaragua: Creation of Commissions To Deal With IMF *[BARRICADA 16 Feb]* 28

Nicaragua: 'Liberal Convergence' Party To Be Formed *[LA PRENSA 11 Feb]* 28
Nicaragua: Officials Justify Arming Civilian Groups *[Managua TV]* 29

Panama

Panama: Legislator Opposes Stay of U.S. Bases *[PRENSA LATINA]* 30
Panama: Legislator Notes Stand on U.S. Military Bases *[EL PANAMA AMERICA 20 Feb]* 30
Panama: Illegal Aliens Use Country as 'Springboard' *[EL UNIVERSAL DE PANAMA 19 Feb]* 31

SOUTH AMERICA

Argentina

Argentina: Senator on Regulating FBI's Activities *[CLARIN 19 Feb]* 32
Argentina: Former IBM Official Testifies Before Judge *[NOTICIAS ARGENTINAS]* 32
Argentina: Di Tella, Chile's Insulza Hold News Conference *[TELAM]* 33
Argentina: Chilean Foreign Minister on Bilateral Ties *[CLARIN 16 Feb]* 34
Argentina: Cabinet Chief Bauza Interviewed *[CLARIN 11 Feb]* 35
Argentina: Cavallo on Mafias' Attempt To Destroy Image *[NOTICIAS ARGENTINAS]* 37
Argentina: Bordon Resigns Congress, Party Leadership *[TELAM]* 38
Argentina: Meneghini Senator for Santiago del Estero *[TELAM]* 39
Argentina: Student Demonstrations, Arrests in La Plata *[NOTICIAS ARGENTINAS]* 39
Argentina: Airlines Granted Regional Franchises *[TELAM]* 39

Bolivia

Bolivia: Foreign Minister Outlines Policy Targets *[LOS TIEMPOS 8 Feb]* 40
Bolivia: Proposal for 'Congressional Withdrawal' Opposed *[Madrid EFE]* 40
Bolivia: Congressional Salary Case Causing 'Unrest' *[PRESENCIA 10 Feb]* 41
Bolivia: Unions Denounce Handling of Salary Case *[PRESENCIA 10 Feb]* 42
Bolivia: Editorial on Congress' Approach to Corruption *[LOS TIEMPOS 11 Feb]* 42
Bolivia: Daily Views Corruption Among Legislators *[EL MUNDO 12 Feb]* 43
Bolivia: Decision To Suspend Some Congressmen Hailed *[PRESENCIA 13 Feb]* 43

Brazil

Brazil: 'Reservations' Over U.S. Counternarcotics Aid Noted *[O GLOBO 17 Feb]* 44
Brazil: Japan Declines Telecommunications Loan Request *[GAZETA MERCANTIL 14 Feb]* .. 44
Brazil: Business Operations Accord With Argentina Signed *[AGENCIA ESTADO]* 45
Brazil: 'Text' of President's Address to Congress *[AGENCIA ESTADO]* 45
Brazil: Daily Comments on Cardoso's Message to Congress *[O ESTADO DE SAO PAULO 17 Feb]* 48
Brazil: Limits on Foreign Participation in Telecoms *[O ESTADO DE SAO PAULO 14 Feb]* .. 49
Brazil: Ipero Mayor Fears Dismantling of Nuclear Center *[O ESTADO DE SAO PAULO 14 Feb]* 50
Brazil: Roundup of Economic Reports Through 14 Feb *[GAZETA MERCANTIL, etc.]* 51
Brazil: Roundup of Economic Reports Through 16 Feb *[GAZETA MERCANTIL, etc.]* 53
Brazil: Roundup of Economic Reports Through 20 Feb *[GAZETA MERCANTIL, etc.]* 55

Chile

Chile: Christopher Visit Evoking 'Positive Commentaries' *[LAS ULTIMAS NOTICIAS 21 Feb]* 56
Chile: Arrate Views Labor Relations in 1995 *[EL MERCURIO 4 Jan]* 56
Chile: Creation of Intelligence Agency Proposed *[EL MERCURIO 13 Jan]* 57
Chile: Public Information Bill Described *[EL MERCURIO 15 Jan]* 57

Colombia

Colombia: Judicial Authorities Identify DEA Witness *[Santa Fe de Bogota TV]* 58

Colombia: Ex-Presidents Ask Clinton for Certification *[EL TIEMPO 21 Feb]* 59
Colombia: Businessmen To Travel to U.S. on Certification *[Santa Fe de Bogota Radio 19 Feb]* 59
Colombia: Justice Minister on House Arrest, Secrecy *[Santa Fe de Bogota Radio]* 60
Colombia: Editorial on Samper's Statements to U.S. Daily *[LA PRENSA 20 Feb]* 64
Colombia: Columnist: Resignation Would Be 'Logical' *[EL TIEMPO 15 Feb]* 65
Colombia: Bank Involvement in Money Laundering Noted *[EL TIEMPO 15 Feb]* 66
Colombia: Defense Minister Rules Out UN Force for Uraba *[Santa Fe de Bogota Radio]* 67
Colombia: Military Opposes Foreign Troops Presence *[Santa Fe de Bogota TV]* 68
Colombia: President Rules Out Foreign Troop Presence *[Santa Fe de Bogota Radio]* 68
Colombia: Guerrilla Group Dynamites Oil Pipeline *[NOTIMEX]* 68
Colombia: ADC Suspends Talks With Government *[EL TIEMPO 16 Feb]* 69

Ecuador

Ecuador: Leoro, Tudela To Resume Talks in Quito 22 Feb *[Madrid EFE]* 69
Ecuador: Leoro Says Tudela Remark Inaappropriate *[Madrid EFE]* 70
Ecuador: Leoro Says Rio Protocol Contains 'Real Defects' *[Madrid EFE]* 71
Ecuador: General Says Peruvian Troops Not Demobilized *[Madrid EFE]* 71

Paraguay

Paraguay: Article Decries Trade Deficit, Illegal Trade *[ULTIMA HORA 27 Jan]* 72
Paraguay: Wasmosy's Achievements, 'Mistakes' Assessed *[NOTICIAS 15 Feb]* 72
Paraguay: 6,000 Workers Demonstrate for Higher Wages *[NOTICAS 16 Feb]* 73

Inter-American Affairs: Presidents To Discuss NAFTA

PA2202040796 San Salvador EL DIARIO DE HOY in Spanish 21 Feb 96 p 5

[Report by Martha Elena Ibarra]

[FBIS Translated Text] Central America's inclusion in the North American Free Trade Agreement (NAFTA) will be discussed in the minisummit the presidents of the region will hold with U.S. Secretary of State Warren Christopher.

Even though the topics to be discussed with the U.S. secretary of state have not been determined yet, the Central American presidents have stated their concerns about NAFTA and the benefits the countries of the isthmus would obtain.

"We hope Secretary Warren Christopher's visit will be fruitful for the Central Americans, and we want his understanding in helping us join NAFTA, thereby expanding our markets," Salvadoran President Armando Calderon Sol said on 20 February.

Costa Rica will also take advantage of the visit to speak to Christopher about topics "that are important, such as the trade benefits that would be given to the Central American countries versus Mexico in NAFTA," Costa Rican President Jose Maria Figueres has said.

According to Calderon Sol, topics such as the problem of illegal Salvadoran immigrants in the United States and foreign cooperation with the country will also be discussed.

The presidents of Honduras and El Salvador will take advantage of the meeting to discuss bilateral topics such as the situation being experienced at the border between the two countries.

"We will talk about the border problems that have emerged in the former disputed border areas with the purpose of avoiding misunderstandings in these places," Calderon Sol said.

According to plans, El Salvador will be the site of a meeting between the U.S. secretary of state and the presidents of Central America, Belize, and Panama.

Christopher will be in the country on 25, 26, and 27 February, and it is expected he will visit the presidential residence, the Supreme Court, where he will hold a brief meeting with the Supreme Court president, and the Legislative Assembly, where he will address the deputies.

Presidents Confirm

Honduran President Carlos Roberto Reina has announced he will travel to San Salvador on 27 February to participate in a meeting between the Central American presidents and the secretary of state.

Reina has said it is expected that the presidents of Guatemala, Alvaro Arzu, Nicaragua, Violeta Barrios de Chamorro, Costa Rica, Jose Maria Figueres, and Panama, Ernesto Perez Balladares, will also travel to El Salvador for the meeting. Belizean Prime Minister Manuel Esquivel could also attend the meeting.

Costa Rican President Jose Maria Figueres has not yet confirmed, however, his trip to El Salvador to participate in a meeting with Christopher.

Inter-American Affairs: Central America To Fight Drugs

PA2202010296 San Pedro Sula TIEMPO in Spanish 17 Feb 96 p 3

[FBIS Translated Text] Foreign Minister Delmer Urbizo Panting said yesterday that the Central American region and Mexico will join efforts to fight alien smuggling, gunrunning, and drug trafficking. According to Urbizo, this is one of the most important resolutions stemming from the celebration of the Tuxtla Gutierrez II agreement. The purpose is to counter those who profit from crime.

Urbizo noted that the free transfer of goods, people, and services is another agreement reached by the leaders who met in Costa Rica. This agreement will allow the countries to meet trade, investment, and financial challenges.

Blocs are being formed all over the world, so the foreign minister believes this to be a great opportunity to consolidate free trade among the Central American region and Mexico.

In the energy sector, Urbizo explained that Mexico has offered to use 20 percent of its petroleum invoicing to finance public and private projects. It is expected that imports of petroleum by-products will be made within the framework of the San Jose Agreement, thus taking full advantage.

On cooperation, the agreements reached during Tuxtla Gutierrez I will be continued, "where binational agreements have been reached with the other countries and Mexico," Urbizo said. He added that Honduras has benefited from them. So far, the country has benefited from 250 technical cooperation and educational agreements.

Inter-American Affairs: Andean Summit in Peru 8-10 Mar

PY2102224196 Madrid EFE in Spanish 1534 GMT 21 Feb 96

[FBIS Translated Text] Lima, 21 Feb (EFE) — The Andean Summit preliminary meeting ended on 20 February in Trujillo, 560 km north of Lima. The meeting was presided over by the protocol directors of five countries and regional authorities.

The representatives of the five countries that will participate in the summit disclosed that, beginning 8 March, some 250 national and foreign journalists will cover the Eighth Andean Presidential Council Meeting to be held in Trujillo.

Panamanian President Ernesto Perez Balladares will attend the Andean Summit in his capacity as observer of the meeting to be held on 9-10 March by Presidents Alberto Fujimori (Peru), Sixto Duran-Ballen (Ecuador), Gonzalo Sanchez de Lozada (Bolivia), Ernesto Samper (Colombia), and Rafael Caldera (Venezuela).

During the preliminary meeting the representatives of the five countries studied protocol details and aspects related to the security of the Andean presidents and foreign ministers who will meet for three days to discuss the Andean zone's development and integration.

Peruvian Ambassador Augusto Balbuena Lopez Alfaro, protocol director of the Peruvian Foreign Ministry, disclosed the official program for the protocol directors and regional authorities to assess during their meeting at the Libertador Hotel in this city.

National Police Agents of the Third Region and State Security forces will be in charge of safeguarding the security of the chiefs of state and members of their respective entourage.

It was confirmed during the preliminary meeting that the Cisneros residence, the former De La Compania Church, and other public buildings will host the meetings to be held by the presidents. During these meetings the presidents will reach various agreements at a regional level, as well as regarding the institutional reform of the integration and cooperation organizations.

During the meeting the representatives also reviewed details related to the welcome ceremonies, flights, opening of the event, sessions, visits, lodging, news conferences, the issuance of credentials, the closure of the summit. Details of these aspects will be disclosed during a news conference in Lima tomorrow.

Ecuadoran Protocol Director Claudio Zevallos Barrizueta stated that the "presidential summit will make it possible to iron out creases that may exist between our countries."

Bolivian representative Rodolfo Lopez del Solar said that during these meetings the countries participating always seek to strengthen the integration principle and the friendship ties to promote trade in the region.

Cuba

Cuba: Nation Allows Eligible Emigres To Visit

PA2202032696 Havana Radio Havana Cuba in Spanish 0000 GMT 22 Feb 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] The Cuban Government has announced that all emigres who are not hostile to Cuba and who do not engage in criminal activities at their places of residence will be allowed to travel to Cuba by means of a new migration document called travel validity [vigencia de viaje] that will be implemented on 22 February.

The Cuban Immigration and Alien Affairs Directorate has stated that Cuban citizens bearing this document will be allowed to enter Cuba whenever they wish for a period of up to 90 consecutive days. The note of this directorate added that Cuban emigres over the age of 18 bearing valid, Cuban passports and the legal representatives of minors and the handicapped may request the travel validity document. This note has pointed out that entry into Cuba will be allowed at the various border points for international air passenger transportation.

The Immigration and Alien Affairs Directorate has stated that Cuban emigres who do not have the travel validity document may request permission for entry in accordance with current standards and procedures.

Cuba: U.S. Trying To Form Opposition Movement in Nation

PA2202010096 Havana PRENSA LATINA in Spanish 1527 GMT 20 Feb 96

[By Javier Rodriguez]

[FBIS Translated Text] Havana, 20 Feb (PL) — Intent on the already outdated clash with the Cuban political process, the United States is waging what some analysts have deemed as a last effort to form a local opposition movement in Cuba.

This design is not a novelty in the history of nearly four decades of estrangement between Washington and Havana the White House began following the beginning of the revolutionary laws in Cuba and the downfall, in 1959, of a regime that received preferential treatment from Washington.

As Cuba's new political system gained strength, the strategy of the powerful neighbor moved from financial and logistical support to armed incursions, acknowledged by its highest ranking officials, and the goal to constitute a local opposition movement.

The first one of these moves experienced major setbacks in its clashes with the Cuban security organizations, prompted the emergence of a people's force to resist such attacks, and suffered defeats of international magnitude such as the one at Playa Giron, in western Cuba, in 1961.

Not even the CIA, deemed almighty until then, succeeded in its plans to physically eliminate Fidel Castro and other Cuban leaders.

For years and throughout the terms of various U.S. administrations, the United States also supported presentations to the public and the international organizations of the model of a specter of local opposition that would establish the Cuban people's lack of support for their government.

This skirmish has been, as the U.S. media have admitted, extremely costly, because large amounts of money were allocated for this purpose. Congressmen and political leaders have described this investment as a waste of taxpayers' money.

Likewise, the objective the U.S. strategy has designed includes harassing the Cuban authorities, introducing elements of ideological confusion among the population, and attempting to convince other foreign governments they are wrong in trying to maintain or defend their ties with the island. The United States, according to its own neighbors, believes all this is necessary just as Cuba is expanding its ties with the international community, beginning to indicate signs of an economic recovery, and promoting the entry of foreign investors interested in realizing business ventures.

The plan, already outlined in the Torricelli law, also seeks to reduce the isolation that has besieged Washington following its actions to maintain the economic and commercial blockade on Cuba. The repeated UN agreements rejecting the siege constitute the fundamental expression of this isolation.

It has been learned that these attempts to constitute and maintain this sort of "phantom opposition" continue to stumble on major obstacles, including the lack of representation of those who seek to establish it and the struggle among its members to control the economic resources the United States has assigned.

The entire propaganda apparatus, which consists of a network of radio stations, newspapers, and television stations the United States finances, carrying out the campaign against the Cuban system from abroad has been set in motion to accomplish these objectives.

In addition, there is also the large number of media, mainly in Miami, controlled for years by the organizations of exiles, participating in activities designed to prompt Cuba's destabilization.

According to what has been stressed here, the immediate hopes lie in achieving at least a fragile agreement among the opposition groups that are still in Cuba as well as trying to draw other sectors of society into a much wanted and never attained process to return to capitalism.

Thus, the United States has begun another movement of its pawns in a complicated and imaginary chess game that, according to Cubans, is doomed to lose in its first stages.

Cuba: Canadian Official From Nova Scotia on Trade Ties

PA2102234896 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 20 Feb 96

[Report by Nestor Bardino from the "NTV" newscast — remarks by Nova Scotia head of government John Savage in English with simultaneous translation into Spanish]

[FBIS Translated Text] A business mission from the Canadian province of Nova Scotia, led by head of government John Savage, began an intense working week in Cuba today. According to Savage, there are many possibilities of strengthening economic and trade ties between Nova Scotian and Cuban firms.

[Begin Savage recording] A considerable number of companies from our province is here selling everything from chemical products to wood and from transportation equipment to public education services; this evidently shows the great interest of our business group. [end recording]

The Canadian delegation includes more than 50 businessmen from 28 companies representing businesses such as fishing, wood, chemicals, construction materials, telecommunications services, and food and pharmaceuticals distribution. The delegation also includes company executives from Segunda Marine, which transports Cuban nickel to Canada, and the Halifax Research Service, which is established in Cuba and specializes in selling refrigeration equipment.

During the day, the Canadian mission met in a plenary session with the president of the Chamber of Commerce and was received by the foreign trade and basic industry ministers:

[Begin Savage recording] We are very happy to be here once again and expect to have a productive week. [end recording]

According to official sources, Canada is Cuba's main trading partner, with an operating capital [monto de operaciones] exceeding $500 million in 1995. Canada is also the main investor in Cuba in terms of volume and importance of investments.

Cuba: Health Care in Guantanamo Province Discussed

PA2102120496 Havana Radio Rebelde Network in Spanish 1255 GMT 19 Feb 96

[Report by Eva Alvarez Carvajal from Guantanamo; from the "National Radio News"]

[FBIS Translated Text] We will discuss Guantanamo's health coverage with the province's health director, Dr. Giovanni Venicia Coba.

[Begin Venicia recording] Coverage is 98.1 percent at this time in Guantanamo. There are over 1,800 doctors in the province — 1,017 family practioners, and 823 general practitioners, and also 386 doctors who participate in the Turquino plan.

In addition, medical training is now available in some municipalities, such as Maisi, Yateras, Imias, San Antonio del Sur, and El Salvador, which was not an option in the past. Thus, these municipalities can now provide more coverage, improve the quality of service, and above all, consolidate the work. And, as you know, coordination of the health and education systems, and all general elements involved in the analysis of the particular health situation, and quality of the medical services in each province, allow for the improvement of health indicators.

Guantanamo recorded a 10.1 mortality rate for 1995, which was lower than the 10.6 mortality rate for 1994. To add to our success, we are analyzing the principal elements, for inclusion in a joint plan, to stabilize the maternal-infant plan. We hope that this will help us attain the national average. [end recording]

Cuba: GRANMA Reports 72-Hour Water Service Interruption

PA2102120896 Havana Radio Rebelde Network 1255 GMT 20 Feb 96

[From the "Doing Radio" newscast]

[FBIS Translated Text] I want to remind you that water service will be interrupted for 72 hours from the early morning hours of Thursday, 22 February. Municipalities where the service will be suspended pay attention. The Daily GRANMA today carries on page two a complete report by Maria Julia Mayoral under the headline: Water Service To Be Interrupted in Havana. I repeat, it lists the areas that will be without water. It also calls on residents and social and economic organizations and entities to conserve water in advance. Water will be brought in cisterns to health centers in the affected areas.

Cuba: Roundup of Economic Developments Through 20 Feb

PA2202040996

[FBIS Report] The following is a compilation of reports on economic developments in Cuba monitored through 20 February.

The 3,390 workers of the light industry in Las Tunas have been able to increase production compared to last year. This represented more than 8 million units of textiles for the sugar harvest, the school term, and the Panamericana store chain and furniture and lamps for the tourism and other sectors. As a result, Las Tunas was chosen site of the central event on the light industry workers day on 1 March. (Havana Radio Rebelde Network in Spanish 1800 GMT 12 Feb 96)

The potato harvest in Camaguey Province has begun through the Sierra Cubitas municipality. The planting began in November and because of limitations with seeds and the rains which made the preparation of the land difficult, it was extended to January. Camaguey has planted 47 caballerias, 10 more than in the previous phase. (Havana Radio Rebelde Network in Spanish 1800 GMT 12 Feb 96)

Guantanamo Province officially ended the coffee harvest, picking more than 2.6 million cans of coffee. Although the figure is not a record, it is an indication of this sector's recovery. Maisi was the municipality chosen to celebrate the event given that it was the highest producer in the country, contributing to the economy more than 1.050 million cans. (Havana Radio Rebelde Network in Spanish 1800 GMT 14 Feb 96)

The productive work at the (Villahermon) Moncada port of Santiago de Cuba grew by 50 percent in 1995. Approximately 328,000 metric tons of products were handled there. Although this figure represents only one third of the amount handled in 1989, it shows a rebirth of activity in that port facility. (Havana Radio Rebelde Network in Spanish 1255 GMT 15 Feb 96)

The provincial buro of the party in Villa Clara has analyzed the economic results of the province last year, during which there was a more than six percent growth of the economy compared to 1994. (Havana Radio Rebelde Network in Spanish 1255 GMT 16 Feb 96)

Cuban and British businessmen have signed *in Havana* a new contract for petroleum prospecting in Holguin Province. The prospecting will begin this year and if results are favorable, drilling will take place in 1997. Canadian, British, French, and Swedish firms have signed similar agreements in 17 promising zones. (Havana Radio Havana Cuba in Spanish 0000 GMT 14 Feb 96)

The Cuban construction materials industry is planning to increase production by 21 percent and exports by 15 percent in 1996. The 16 February edition of daily GRANMA stated that, in response to the development of tourism and such essential programs as housing, the aforementioned industry will allocate for domestic consumption 55 percent of the 1.8 million metric tons of cement it is planning to manufacture this year. Following its almost complete halting due to the shortage of fuels, this industry started improving last year, even though its production was way below its 1989 production. (Havana Radio Havana Cuba in Spanish 1300 GMT 16 Feb 96)

The cattle raising sector is the only sector of the agricultural industry that failed to grow in Granma Province, even though it was able to stop its progressive deterioration. It is now expecting a slow recovery. The Batalla de Peralejo cooperative, located in Bayamo, is an example of this. Worker Angel Gonzalez Olivera said that the cooperative produced 430,000 liters of milk in 1995. This year, it is expected to produce 450,000 liters of milk. (Havana Radio Rebelde Network in Spanish 1800 GMT 16 Feb 96)

The effects of the recent rains in Holguin Province in more than 100 caballerias of various crops, some of which were about to be harvested, will not change the commitments agricultural groups made for 1996. They expect to produce more than 3 million quintals of food. In January, the production of grains and vegetables decreased, and the campaign to till the land has been delayed in Sagua and Cueto. (Havana Radio Rebelde Network in Spanish 1800 GMT 16 Feb 96)

The National Assembly of the People's Government in Cienfuegos municipality has approved its 1996 budget, which contemplates a surplus of more than 11 million pesos. This figure is lower than last year's, because health, education, and community spending are expected to increase this year. Among the tasks to be performed in this municipality stand out the increase in services and the construction of approximately 1,000 houses. In addition, water supply will increase in the settlements of El Junco, Santa Rosa, and Venta del Rio. (Havana Radio Rebelde Network in Spanish 1800 GMT 16 Feb 96)

Food industry workers are planning to reactivate this sector. According to Trade Enterprise Director Graciela Acosta, approximately 50 percent of Jaruco stores are selling food to people as part of the program to boost the industry. These stores have sold 181,000 pesos worth of food. (Havana Radio Rebelde Network in Spanish 1800 GMT 16 Feb 96)

Cienfuegos Province builders will guarantee the construction of a considerable amount of houses for sugar and non-sugar workers in 1996. Approximately 2,000 houses will be built. The Sugar Ministry has enough materials to build 680 low-cost houses and 40 conventional houses. Meanwhile, the Agriculture Ministry will build 800 low-cost houses, 200 of which will be built in mountainous areas. These two ministries built more than 1,700 houses in 1995, breaking a construction record, which could be broken again this year. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 17 Feb 96)

The more than 1,000 tobacco workers in Granma Province are planning to harvest more than 22,000 quintals in 1996. In this province, 118 caballerias of tobacco have been planted, 25 caballerias more than last year. The local factory of highland cigars needs more than 45,000 quintals of tobacco annually, which is not even 50 percent of its capacity. This factory has to import the rest. (Havana Radio Rebelde Network in Spanish 1800 GMT 17 Feb 96)

The 1995-1996 potato harvest will start next week in Matanzas Province. Potato is the most stable vegetable, as far as harvests are concerned, of the various crops of the Agriculture Ministry. The more than 1,000 planted caballerias were efficiently tended in 1995. Cuban potato workers broke the domestic record in production per caballeria as they yielded an average of more than 6,000 quintals of potato per caballeria. (Havana Radio Rebelde Network in Spanish 1800 GMT 17 Feb 96)

Peter A. Scott, Beta Gran Caribe Investment Fund president, today affirmed that this fund was able to collect 40 million Swiss francs ($33 million) in a short period of time, which shows a marked interest in the Cuban market, according to a 19 February report datelined Havana. This British company is discussing with its Cuban partners projects in which it plans to invest, following the corresponding feasibility studies. Scott reported that the company is quoting at the Dublin Stock Exchange, where Cuban debt securities increased their value by 10 percent in the secondary market. They are currently quoting at $0.21 to $0.23. (Havana PRENSA LATINA in Spanish 0109 GMT 20 Feb 96)

Haiti

Haiti: Preval Nominates New Director of National Police

PA2102193396 Port-au-Prince Radio Haiti-Inter in French 1200 GMT 21 Feb 96

[From the "Inter News" newscast]

[FBIS Translated Text] Pierrot Denize, director of the Association for the Prevention of Alcoholism and Other Chemical Addictions [APAAC], is allegedly the new director of the National Police, we learned this morning from generally well-informed sources.

As regards the National Police, let us point out that President Rene Preval announced this nomination — not the name of Pierrot Denize, but the nomination of a new director of the National Police — during his tour in Gonaives on 20 February.

Haiti: Report on 15 Injured in Carnival Incident

PA2102203196 Port-au-Prince Signal FM Radio in French 1500 GMT 21 Feb 96

[Monitored in progress]

[FBIS Translated Text] [Mobile Unit 11] ...in Champ-de-Mars when Michel Martelly's musical band Sweet Micky was creating fun at the carnival festivities of the Shrove [words indistinct] today is Wednesday.

It must be said, Jerome, that for now the situation is very calm. It caused more fright than real harm. There were only 15 wounded. As I told you a while ago, [words indistinct] of the listeners of Signal FM. This was very hard.

For now, we will take the opportunity to send a message, first to the listeners of Signal FM, to tell them the situation is calm. While talking to you now, I see a lady who has been injured in her right hand.

For the moment, the situation is calm. There was more fear than real harm. [words indistinct]

[Announcer] Mobile Unit 11, the situation is calm again, can you describe for us how things are in Champ-de-Mars?

[Mobile Unit 11] [words indistinct] ...that calm is back. There is more fear than [words indistinct] only some, due to the fact that some debris was broken by civilians, and policemen were searching the stands and even individuals.

[Announcer] Can we say that the streets are empty at this time?

[Mobile Unit 11] [words indistinct] the Haitian police [words indistinct] stated that 12, 8-year-old children — I suppose — are lost. An ambulance is also needed. There are not enough ambulances. There are people who have not been injured but who were not able to escape. They underwent some internal shocks. [words indistinct]

[Announcer] Thank you, Mobile Unit 11. Dear listeners, you understand the situation. Mobile Unit 11 is a bit tired like everybody else. He followed the three shrove days. He just brought us the latest information regarding the incident that occurred in Champ-de-Mars, representing a sad end to the 1996 carnival. It was perhaps not expected: about 15 injured, all injured with bullets at about 0945 this morning.

Mexico: Authorities Reject 'Inadmissible' U.S. Policy

PA2102181796 Mexico City LA JORNADA in Spanish 20 Feb 96

[Report by Patricia Munoz, Jesus Aranda, Jose Antonio Roman, and Salvador Guerrero — received via Internet]

[FBIS Translated Text] Foreign Secretary Jose Angel Gurria has stated that Mexico only expects the United States to recognize "the great effort" it exerts in the struggle against drugs.

Meanwhile, Attorney General Antonio Lozano Gracia considered "inadmissible the fact that the U.S. Government intends to rate the Mexicans' efforts in the struggle against drugs."

Fernando Ortiz Arana, chairman of the Chamber of Senates' Great Commission, termed as "interventionist, illegitimate, and useless in the struggle against drug trafficking" the certification that the U.S. Government intends to grant.

Nevertheless, U.S. Ambassador James Jones admitted his country "has to strive" to counter the demand for drugs in its territory, although he insisted Mexico, Colombia, and all nations, must exert themselves even more to counter drug trafficking.

THE WASHINGTON POST's edition yesterday warned Mexico might lose the rank of country that "fully cooperates" with the United States in the struggle against drug trafficking and thus stop receiving Washington's aid.

The newspaper added that great frustration prevails in the United States given the prominence drug trafficking has acquired in Mexico and that Bill Clinton's administration has yet to adopt a decision, because a noncertification might have destabilizing results for Ernesto Zedillo's Government.

Jones said in an interview that the U.S. Embassy will send to the U.S. Congress a report on the work carried out by the Mexican Government in the struggle against drug production and trafficking, although he refrained from revealing the contents of this report.

He said that the various commentaries to be made in his country regarding Mexico's certification must heed the recommendation that Secretary of State Warren Christopher makes to President Clinton in due time so he may adopt a final decision.

Referring to the report that will be delivered by the U.S. Embassy, Jones added that it represents only part of all the elements the U.S. Government will take into consideration in rendering its opinion.

Meanwhile, Attorney General Antonio Lozano Gracia said the reasons why Mexico fights illegal drug trafficking are "quite clear and conclusive," regardless of what any other country may say.

Interviewed during the official ceremony to welcome Brazilian President Fernando Henrique Cardoso, Foreign Minister Jose Angel Gurria said the Mexican Government has never recognized the validity of the U.S. Government's certification process regarding the struggle carried out by other governments.

Referring to this issue, PRI [Institutional Revolutionary Party], PAN [National Action Party], and PRD [Party of the Democratic Revolution] senators agreed with Representative Jim Kolbe — member of the commission organizing the next interparliamentary meeting between Mexico and the United States — on the creation of a commission with representatives from the two countries. The commission would meet as often as necessary to facilitate "a greater rapprochement" and discuss issues like the struggle against drug trafficking, the Free Trade Agreement, border and migration issues, and human rights.

PAN Senator Jose Angel Conchello suggested that Mexico request the Latin American Parliament Political Commission's meeting in March conduct an analysis of the certification to which the U.S. Government subjects countries in the region to determine financial aid and cooperation plans against drugs.

PAN Deputy Jorge Ocejo Moreno, who is a member of the commission in charge of organizing the interparliamentarian meeting in Zacatecas, suggested that the Mexican government determine a mechanism to certify drug consumption in the neighboring country in response to the U.S. measure, the result of which could be made public on 1 March.

Fernando Solana Morales, former foreign secretary and PRI senator for the capital, recalled that California is "one of the world's top marijuana producers." This is why the United States could note that "it has a major internal problem."

"I would start by recalling that the world's major drug promoter and consumer is the United States; in fact, all problems start there," he affirmed.

Interviewed at the Senate, Ortiz explained the federal government's position on identifying drug trafficking as an international phenomenon that requires a cooperation strategy "inspired by the principles of national sovereignty, equality among nations, and shared responsibility."

The Senate's PRI bloc, he added, "rejects the U.S. Government's noncertification threat." He indicated that the preservation of public health and the defense of national security are the main objectives of the fight against drugs," adding that the certification process on which the United States is working "is interventionist, lacks legitimacy, and contributes nothing to the drug trafficking fight."

Ocejo said it is essential to be aware of the actions that the government is carrying out to curb drug production, consumption, and sales. "U.S. citizens are major drug consumers. We have to change the language being used. Why does the United States have to issue a certification? Then, we would have to issue another certification not on drug production, but, rather, on drug consumption," the PAN deputy asserted.

Conchello commented that Mexico is experiencing what happened in World War II: "We never complained about Nazism. We never before complained about other countries' certification; however, we now feel we are being offended."

Meanwhile, Kika de la Garza, the Agriculture Committee minority leader in the U.S. House of Representatives, said that this nation must recognize its share of responsibility in the drug trafficking problem and must not use this issue for political purposes.

Interviewed in Mexico City, de la Garza remarked that high drug consumption in the United States exerts pressure on drug production in such countries as Mexico. The U.S. government must recognize this. He also pointed out that the millions and millions of dollars that drug trafficking produces is a shared problem. This has not been understood. In addition, those who say that Mexico is not making efforts to fight this problem are making a big mistake.

Mexico: Newscast Interviews Brazilian President

PA2202025196 Mexico City XEW Television Network in Spanish 0400 GMT 20 Feb 96

[Interview with Brazilian President Fernando Henrique Cardoso by Jacobo Zabludovsky in Mexico City; from the "24 Hours" newscast — live]

[FBIS Translated Text] [Zabludovsky] Brazilian President Fernando Henrique Cardoso, many thanks for granting us this new interview.

[Cardoso] It is a pleasure.

[Zabludovsky] You will sign a joint communique with the Mexican president tomorrow. Are you able to disclose any of its main points?

[Cardoso] Of course. We held long talks and discussions. The main point is a political decision by Mexico and Brazil, through the presidents, that both countries are to march together in international politics and that there will be an increasing closeness in the economic field; this even involves a discussion of Mexico's relations with Mercosur [Common Market of the South] which is a very significant step. The Brazilian president, of course, does not have the power to say yes or no, something which involves discussions with the other presidents, but it is a clear signal about Mexico's willingness to get closer and closer not only to Brazil but to Mercosur.

[Zabludovsky] Latin America's political outlook has changed profoundly in just a few decades. There were military governments 40 or 50 years ago in most countries, many of which were the result of coups d'etat. Nowadays, all rulers in America, except in Cuba, are civilians; nevertheless, there is an atmosphere of instability in some of them. To what do you attribute this point, and how can this problem be solved?

[Cardoso] I believe Latin America's true miracle has been democracy. I know there have been economic miracles, including Brazil and Mexico, but the miracle is democracy. Why? Because it is very difficult to maintain the values of democracy with so much poverty, inequality, with so many social problems. I believe that a people who are capable, such as the Latin American people, of believing in democracy despite negative social conditions are a people who have the resources to keep democracy alive. By democracy, I am not just taking into account the mechanisms of representation that are crucial and fundamental; that is, elections, Congress, and all that. It is more than that. Society itself has to become organized, must be present during the discussion of topics that are important to the country; it has to listen to public opinion.

I believe that television, radio, and the press are fundamental in forming public opinion, an idea which is very novel. People at one time were concerned about written, public opinion; that is, the press, but not now. Public opinion now is heard on and watched on television. The number of people involved in this process has increased if not in decisionmaking then at least by accompanying the decision, registering the decision, and by saying yes or no in elections and even without elections.

I believe the outbreaks here and there in Latin America—they do exist, here and there—should be analyzed under the light of this much stronger presence, which is democratic value. I believe there have been great advances regarding the Armed Forces. There are no military threats in Latin America, which is very important. There has been an in-depth change in the understanding of the relationship of military forces and civilian society. In Brazil's case, this situation is extraordinarily calm. Ours is not the only case. I believe democracy, with one exception, is becoming affixed on the continent.

[Zabludovsky] Mr. President, I believe you came to Mexico when you were a member of the Economic Commission for Latin America about 30 years ago, during the 1960's, and you were also a professor at the Mexico College. How do you compare Mexico of that day with the Mexico of today?

[Cardoso] I have been in Mexico many times. I was at the Mexico College and the UNAM [National Autonomous University of Mexico]. I attended many seminars here in Mexico. My best known book was published in Mexico. I wrote it in Spanish, and it is called "The Development of Dependence in Latin America." Mexico had a great impact on me at the time; that is, heavy contrasts, cultural differences. Mexico was still more peasant like.

I know Mexico's interior. I have been in various parts of the country. I have been in Yucatan. Once, I went to Guatemala by car. I know the Chiapas region. I know Mexico reasonably well. What caught my attention compared to Brazil is that it seemed to me that the peasants' presence here was stronger, something which is what I do not notice nowadays. Of course, I am in Mexico City. I have to travel some more; that is true, but I notice the changes such as much more urbanized areas.

There has been great industrial development and economic integration. The market has become stronger, and we are much stronger now, but political changes have also taken place. When I was here in the 1960's, universities in general, UNAM in particular, dreamed along with the revolution; this was the daily topic among intellectuals and students. Perhaps it was a bit of a utopia, generous and often mistaken, with many words to say little. It is different now.

I believe there is much calmer understanding of the social processes, political processes. I also have noticed, just as I mentioned about Latin America, that the media are far more open, much more critical. They were not as open at that time as now. Perhaps the presidents—I am one—do not like it too much, but it is important for the media to maintain a critical attitude. I believe this point is something important that already exists here in Mexico now. Parties are more diversified now. Elections were held recently. A opposition party wins, another loses. In other words, I see a Mexico that I will call modern, a word which would have been considered horrible and abominable during the 1960's.

It is a more contemporary Mexico. Mexico has more of a say today with an understanding that is not limited to an outlook of a peasant Latin America, a Latin America where there was much influence peddling with state participation that gave the impression that it would solve everybody's problems, but it was a powerful bureaucracy in practice. This bureaucracy still exists, even in our countries, but there are forces that counter this point. I, therefore, see a much more dynamic Mexico, more open, and a more confident Mexico.

[Zabludovsky] Mr. President, I must tell you of the great, personal admiration I and many Mexicans have for your great country, the architecture Brasilia has created, for taking the capital to the interior of the continent, for its art, the development of its current literature, which is so full of imagination and examples that need to be imitated. I want to take this opportunity to tell you this statement. The first time I had the opportunity to interview a Brazilian president was President Juscelino Kubitschek, when he was about to lay the first stone in Brasilia. We have observed your country's development ever since. Would you like to add anything?

[Cardoso] I would like to express my appreciation for the generous way I have been treated in Mexico by the president of Mexico, my Mexican friends, Mexico's intellectuals from an entire rainbow of persuasions. I am not certain about what they are, but I perceive that these trends are not homogeneous in the appreciation of Mexican phenomena, but their friendship is. This has really pleased me a great deal.

You also mentioned that there is strong creativity in Brazil; true, but Mexico has it as well. Mexico has always charmed me very much; for example, Mexicans' capacity to remain faithful to their origins, but at the same time they are capable of absorbing new things, but they remain Mexicans, culturally speaking.

I was here with Carlos Fuentes, Octavio Paz, Pablo Casanova, many friends here in Mexico. All represent Mexico's strength. There is also a whole new generation of intellectuals, artists, and writers. All this makes us feel very proud of Mexico. As a man from Brazil and as a Latin American, I also feel Mexican from that point of view.

Mexico: Zedillo on Support For Alliance With Brazil

PA2102150996 Mexico City NOTIMEX in Spanish 0507 GMT 20 Feb 96

[FBIS Translated Text] Mexico City, 19 Feb (NOTIMEX) — President Ernesto Zedillo said today that Mexico and Brazil share a common determination to begin the 21st Century with a strategic alliance for a total and just development of the two nations.

During the dinner honoring Brazilian President Henrique Cardoso and his wife Ruth, the Mexican president said it is not by returning to a past that we have already left behind that we will move forward to a better future.

In the reception salon of the National Palace, Zedillo awarded the Brazilian president the Grand Collar class "Aztec Eagle."

In return, the Brazilian president awarded Zedillo the Cruzeiro do Sul national medal.

President Zedillo emphasized to the delegates of the two governments that Mexico wants to establish a new dialogue with Brazil that will be intense, open, and beneficial to the two nations and which will firmly support their friendship.

"A wide-ranging dialogue will stimulate the areas of politics, economy, culture, and diplomacy, and lead to a better understanding between the two countries," Zedillo said.

A dialogue will rectify disagreements, and in turn, emphasize the convergence of interests and facilitate a mutual agreement regarding the two countries' positions in international forums, Zedillo added.

During the gala dinner, Zedillo said that Mexico has great interest in negotiating a broad agreement with Mercosur [Common Market of the South] that will bestow order and give confidence and integrity to trade relations between the two parties.

Zedillo said that he is willing to give an unprecedented impetus to trade, production initiatives, and Mexican and Brazilian investments that will create opportunities and more jobs for the benefit of the two nations.

Zedillo also expressed his interest in fostering a new stage in relationships between Brazil and Mexico, by taking advantage of the excellent disposition of businessmen in both countries to foster their joint investments and trade operations.

Moreover, President Zedillo stated that Mexico is willing to strengthen bilateral actions to fight the consumption and production of drugs, precursor chemicals, money laundering, and similar crimes.

Zedillo emphasized that to achieve this Mexico has proposed an extensive legal aid agreement to reinforce cooperation in the war against drug trafficking.

Brazilian President Cardoso said that it is necessary for the actions of both governments to catalyze, without hindering, the economic agents' effects on the growth of bilateral economic and trade exchanges.

In his speech, Cardoso emphasized that more than just political will is needed to achieve this. Cardoso pointed out that "we must get to know each other better," and that outside of the subregional environment in which we are immersed, there is a vast area for bilateral action.

"Mercosur and NAFTA have strengthened us for this action, but they are not a substitute for bilateral relations between countries as important and with the potential of Brazil and Mexico," Cardoso said.

The Brazilian president said bilateral and regional relationships were not mutually exclusive, but that they complimented each other and that communication between the two exists.

Cardoso emphasized that relations between countries like Brazil and Mexico should be oriented toward areas for political, economic, trade, and cooperation agreements, to strengthen, to preserve, and to improve the progress made so far in adherence to interregional and international areas.

Cardoso added that Mexico and Brazil have become the broadest framework for the successes, challenges, and problems of emerging economies that are changing the profile of international relations and the external adherence of the two countries themselves.

Mexico: Brazil's Cardoso Addresses Businessmen, Congress

PY2102133496 Sao Paulo AGENCIA ESTADO in Portuguese 0022 GMT 21 Feb 96

[Report by Paulo Sotero]

[FBIS Translated Text] Mexico City, 20 Feb (AE) — The quest for strengthening ties — the objective of President Fernando Henrique Cardoso's visit to Mexico during Carnival — will be longer and bumpier than what official remarks from both sides might suggest. The insistence by Mexican diplomats on including in the joint communique the phrase "strategic alliance" proposed yesterday by Mexican President Ernesto Zedillo was not well received by the Brazilians, and provoked negotiations that lasted all afternoon today. Not concealing his irritation with the position of his Mexican hosts, an adviser to President Cardoso said this morning: "That phrase will not be included in the joint communique."

The phrase was ultimately included, but as a future objective in their bilateral relations. A senior Brazilian official said: "We stated that, for Brazilian diplomacy, this expression does not reflect current relations between Brazil and Mexico." The joint communique will be submitted to the two presidents during a final working meeting at Los Pinos.

The Mexican initiative to propose an ambitious, although generic, trade agreement with Mercosur [Common Market of the South] to give substance to the "alliance" proposed by Zedillo took the Brazilian entourage by surprise. During breakfast with leading Mexican entrepreneurs at the Camino Real Hotel, Cardoso was also forced to give explanations about the absence of ministers of the Brazilian economic area in his entourage, which consists only of Culture Minister Francisco Weffort and Foreign Minister Luiz Felipe Lampreia.

Cardoso said: "Ministers of the economic area will come to Mexico." He noted, however, that he meant to give a political tone to his first official visit to Mexico "because it is the political will that brings peoples closer together, and this unity is reinforced by strengthening cultural ties to show that there is something more than just government decisions. Hearfelt feelings are expressed through culture."

Cardoso did give realistic explanations to Mexican businessmen. He said he believes in and supports the expansion of Brazilian-Mexican trade in a way that "would benefit both sides" and promised to take the Mexican offer to Brazil's Mercosur partners. He made it clear, however, that Brazil's priorities in expanding the customs union in the Southern Cone are focused on concluding negotiations that are now under way with Chile, Bolivia, and Peru and in making progress in talks with the EU.

Commenting on the hemispheric trade integration proposal targeting on 2005 made at the Miami Summit, Cardoso diplomatically conveyed his skepticism "with ambitious plans setting deadlines without knowing how we are going to get there." Yesterday, he said that despite the fact its being a member of NAFTA will not prevent Mexico from signing an agreement with Mercosur, it presents new factors which Brazil will have to examine with Argentina, Uruguay, and Paraguay. Cardoso said today: "Careful negotiations must be conducted."

In remarks to businessmen, Cardoso emphasized the significance of democracy, an area in which Mexico still has problems. This is perhaps why Zedillo chose to make an economic proposal in order to control the agenda of Cardoso's visit.

The subject of democracy prevailed in Cardoso's address to the Mexican Congress. In a reference to the authoritarian regime that ruled Mexico for more than six decades and which today is clearly declining, Cardoso praised "the change of course" the Mexicans are making under the impact of the grave economic crisis that erupted since the collapse of the Mexican peso and of its economic miracle in December 1994. Cardoso said: "I wanted to pay my tribute to that Mexico in this house today." .

In informal conversations after the solemn session, Cardoso advised the Mexican lawmakers to profit from the errors of other countries and to prevent, for instance, lobbying groups from getting organized within Congress, as it is happening now in the Chamber of Deputies in Brasilia. In the presence of Deputies Gonzaga Motta and Yeda Crusius, Cardoso said: "Unity in the Brazilian Chamber of Deputies is based on interests rather than on values." He added: "There is a rural bloc, a sugar producers' bloc, and so forth. These are lobbying groups. Congressmen cannot become lobbyists. This is dangerous." He noted that the presence of lobbying groups in the Chamber of Deputies is temporary and that it would be overcome.

Cardoso got a personal taste of Mexican democratization when he went to the Colegio de Mexico, where he gave a lecture. He had to walk the last 150-meter stretch because employees of the Environment and Fisheries Secretariat, which is located across the street, had blocked the road to demand union freedom. He said: "I thought it was a welcome rally for me. It was actually a demonstration against others, although not against me," Cardoso said jokingly.

Mexico: Communique Issued on Alliance With Brazil

PA2202035796 Mexico City NOTIMEX in Spanish 0807 GMT 21 Feb 96

[FBIS Translated Text] Mexico City, 20 Feb (NOTIMEX) — It was reported here today that the presidents of Mexico, Ernesto Zedillo, and of Brazil, Fernando Henrique Cardoso, today committed themselves to building a bilateral strategic alliance that will be nourished by a political dialogue and harmony.

According to a joint communique, there is "a huge potential for expanding and enriching bilateral relations with basis on a new political will of rapprochement that should contribute not only to the development of the two countries but also to that of all of Latin America."

The document signed by the two chief of state indicates that the strategic alliance will nourish from political dialogue and harmony to strengthen bilateral ties and to harmonize positions on issues having to do with the regional agenda.

The communique reports on the negotiations process established between Mexico and the Mercosur which will promote a broad agreement capable of permitting better conditions for economic integration.

Speaking before presidents Zedillo and Cardoso, Carlos Almada, spokesman for the Mexican Presidency, said that the communique notes the two governments' decision to make periodic political consultations between high-level Foreign Ministry officials.

The two countries stated their interest in concluding by 31 December at the latest, the historic patrimony negotiations of the bilateral agreements signed in the framework of the Latin American Integration Association.

According to the communique, President Cardoso exchanged opinions about the Summit of the Americas with his Mexican colleague, with whom he reiterated the support for the creation of a free trade zone in the continent.

Almada said both presidents instructed their foreign ministers to coordinate the holding of a consultation mechanism meeting at a deputy ministerial level as soon as possible and to consider the implementation of the Mexico-Brazil 21st Century Commission's projects.

In other topics, both presidents thought it necessary to promote a greater rapprochement, effectiveness, and efficiency of international financial institutions.

They also agreed to promote the orderly development of markets and ensure a greater availability of resources from multilateral financial institutions despite the volatility phenomenon involving the flows of capital.

As for the fight against drug trafficking, they talked about the need for a more effective international cooperation against the consumption, production, trafficking, and laundering of money.

They also agreed to continue the fight against the criminal organizations involved in the distribution and smuggling of weapons, precursor chemicals, and other related crimes.

They also reiterated their support for the holding of a world conference on illegal drug trafficking in 1998 and stressed the importance of discussing the drug trafficking problem in an integral manner in this meeting.

They had previously stated their government's commitment for the strengthening of the cooperation in all educational and cultural areas. To achieve this, they instructed their respective foreign ministries to move forward in the negotiation and implementation of the 1996-1998 program for educational and cultural cooperation between Mexico and Brazil.

Following the signature of the joint communique, President Cardoso, his wife Ruth, and the delegation that accompanied him," ended the three-day official visit to Mexico.

According to the official program, the South American president will depart the international airport in Mexico City at 0500 local time (1100 GMT) tomorrow Wednesday, 21 February, with destination Brasilia.

Mexico: CCRI-CG Communique on Peace Talks

PA1702215996 Mexico City LA JORNADA in Spanish 15 Feb 96 p 9

[FBIS Translated Text] Communique from the Clandestine Indian Revolutionary Committee-General Command of the Zapatist National Liberation Army [CCRI-CG].

To the people of Mexico:

The peoples and governments of the world:

Brothers: The Zapatist National Liberation Army [EZLN], a Mexican organization that struggles for democracy, liberty, and justice for the entire world, has completed a consultation to decide if it is to formalize the first minimum agreements within the framework of the San Andres [Larrainzar] dialogue. The first of six stages of negotiations has ended, and these talks have been on Indian culture and rights.

Since the dialogue in San Cristobal in 1994, the EZLN has promised to use dialogue to solve the war policy that had begun on 1 January 1994. Since then, all initiatives for new, fair, and dignified peace have originated from the EZLN and national and international civilian society. All war initiatives have come from the supreme government. Now that this stage ends, we want to tell you what was and is our thoughts regarding this democratic process of internal consultation on the agreements reached.

In view of the foregoing, we present the...

Results of the consultation with rank and file Zapatists on table 1 of Indian rights and culture.

Several tens of thousands of men and women, mostly Indians, were consulted.

Of the 100 percent of EZLN support base consulted, 52 percent were women and 48 percent men.

Of the 100 percent of the Zapatist men and women of the support base consulted, 96 percent called for:

a) Rejecting the lack of solution to the serious national agrarian problem and insisting that Article 27 of the Constitution should retake the spirit of Emiliano Zapata summarized in two basic demands: The land belongs to whoever works it and land and liberty.

b) Rejecting the lack of legal recognition of municipal and regional autonomy and insisting on the compliance with the resolutions made at the National Indian Forum that took place in San Cristobal de las Casas in January 1996.

c) Rejecting the lack of solution to the demands to the right to information, justice, and political rights that were outlined in phase 1 and 2 of the table of Indian rights and culture and in the National Indian Forum of January 1996.

These same 96 percent of those consulted called for:

d) Accepting and formalizing with the supreme government the following minimum agreements, the first of this long process to construct a fair and dignified peace:

1. The agreement and commitments listed in the documents of the joint statements by the federal government and the EZLN on national topics with the aforementioned observations.

2. The agreements and commitments outlined in the Chiapas commitment document, by the state government, federal government, and the EZLN, with the aforementioned observations.

e) Having the EZLN and advisers make a pronouncement regarding the demands that have not been met and that correspond to phases 1 and 2 of the table of Indian rights and culture and the National Indian Forum and which the EZLN pledges to maintain as its own and to continue struggling for its solution.

Of those consulted, 2 percent favored a total rejection of the results of phase 3 of the table of Indian rights and culture, 1.4 percent abstained from giving an opinion, 0.6 percent said that a vote of confidence should be given to the CCRI-CG of the EZLN to decide.

Therefore, the Zapatist people, up in arms against the supreme government for the sake of democracy, liberty, and justice for all Mexicans, order EZLN delegates to the dialogue in San Andres Sacamach'en de los Pobres, to follow the following instructions:

First. To explain the consultation process held among the men and women who compose the EZLN rank and file, to our brothers from the advisory body for a just and honorable peace, to the Mexican people, and to the people and governments of the world.

Second. To formally sign the minimum agreements we have reached with the supreme government.

Third. To continue the dialogue, insisting on the demands we pointed out during our consultation.

Fourth. To inform all the Mexican Indian nations about what we have decided.

Fifth. To keep on working until the fundamental demands that brought about our just uprising — democracy, liberty, and justice for all Mexicans — are fulfilled.

The following points were taken into account for this consultation:

First. In-depth agreements on the reform of Constitutional Article No. 27, which deals with the land-ownership issue, were not achieved. It was agreed that this article will be discussed again during the meeting on welfare and development. This is important because the land-ownership problem is the main issue for the Zapatists and for all of Mexico's Indians and peasants. We cannot accept that Constitutional Article No. 27 remains unchanged. We must insist on this topic during the following meetings.

Second. The acknowledgement of local and regional autonomies was not achieved. This point was partly achieved through the acknowledgment of the right by the Indian peoples to their "self-determination," but the issue of autonomy is still pending, and it is necessary to continue trying to achieve this just Indian demand.

Third. The government had to accept national topics after it stressed that it would not discuss any national issue. It became obvious that the problem of Chiapas cannot be resolved if national problems are not resolved. This was a victory, because the meeting in San Andres not only dealt with state issues — as predicted, but with national ones.

Fourth. The agreements on constitutional changes and laws at the national level ushered in opportunities for Indian participation. With these agreements, the national and independent Indian movement gained a sort of protection that enables it to advance in its struggle for its rights and demands. Based on what has been achieved, new demands can be promoted and the national Indian movement can organize itself to demand compliance with these agreements and to make further demands.

Fifth. The agreements for Chiapas represent the greatest accomplishment throughout the Republic of Mexico, and this will help other states to organize themselves to demand they be granted the same rights.

Sixth. The agreements represent the victory of a new form of dialogue and political negotiation that no one has ever conducted. The EZLN conducted clean and open negotiations and invited everyone to participate. The results obtained in San Andres not only belong to the EZLN, but to all of the advisers and attendees, who represented or accompanied the best of the national and independent Indian movement.

Seventh. Along with the results obtained at the National Indian Forum, the agreements reached are already helping to build the program of the Indian movement's struggle.

In short, the agreements benefit the national Indian movement, and the local advances made are substantial.

However, they continue to be merely on paper. With the National Indian Forum, it is possible to create a movement that demands that agreements be complied with and that further action is taken regarding those demands the organizations and Indian peoples that attended the forum agreed upon and which remain pending.

We are aware that we still have the military pressure over our heads and that the government has no intention of easing its pressure. This is so because the evil government does not want to obtain by force what it was not able to obtain through reason. The government offered to reduce military pressure in exchange for the EZLN's surrender of its national demands and acceptance of local solutions.

The Zapatist peoples had to choose: If we only think about our problems and seek agreements that only benefit us, then we will be in the same category as the other organizations that only think about themselves and do not care about the others. We would be just as any other local organization, limited to Chiapas or only a part of Chiapas.

We cannot give up our national struggle to obtain local benefits. Aware that if it insisted on the national demands, the government would continue with its repressive actions, the EZLN reiterated its commitment to Mexico's poor.

This was and is our view in deciding on the consultations on the first minimum agreements. The consultations held with the Zapatist rank and file not only constitute a democratic exercise within the EZLN: They are the basis of our organization's legitimacy and the guarantee to defend the interests of the people and not individual or group interests.

The struggle for the rights of Indians has not reached its end; it has merely taken a step along the path of its liberation. This, its liberation, will only be full and total when it includes all of the Mexican brothers who deserve democracy, freedom, and justice.

The fight for the rights of Indians continues and will continue...

Democracy! Freedom! Justice!

From the mountains of southeast Mexico

[Signed] CCRI-CG of the EZLN

[Dated] Mexico, February 1996

Mexico: Round Two of Indigenous Culture Talks Postponed

PA1702030496 Mexico City Radio Red Network in Spanish 0000 GMT 14 Feb 96

[Report by Alejandro Ruiz from "The Night Monitor" newscast]

[FBIS Translated Text] The beginning of the second round of talks on indigenous culture and rights has been postponed.

The federal government's delegation for peace negotiations and reconciliation in Chiapas has sent Monsignor Samuel Ruiz Garcia, head of the National Mediation Commission [Conai], a communique stating dissatisfaction with the new delays in the negotiations. The reason for the delay is that the Zapatist National Liberation Army [EZLN] delegation on repeated occasions has not complied with the date and agreed time. The communique adds that the EZLN has repeatedly broken the accords.

The general public feels at peace and confident when both sides strictly adhere to the agreements reached at the negotiations table; otherwise, the seriousness and responsibility to which they are obligated is affected.

The government's delegation has asked Conai to respectfully let the EZLN know that it disapproves of the repeated unilateral decision to change the date and time of the beginning of the negotiations.

The federal government's delegation is confident the EZLN will once again adhere to the previous accords so the negotiations on indigenous culture and rights could begin tomorrow at 1000. This round of negotiations will be the last, and it is expected that the first peace accords will be signed.

This meeting was supposed to take place today at 1000, but the EZLN delegation only a half an hour ago arrived in San Andres Larrainzar, where the permanent headquarters of the negotiations is located. The government's delegation did not move from San Cristobal de las Casas. It was there that the communique stating its disapproval of the EZLN's actions was issued.

Mexico: Cardenas Denies Rift Within PRD

PA1802040996 Mexico City EL FINANCIERO in Spanish 15 Feb 96 p 45

[Report by Francisco Gomez Maza]

[FBIS Translated Text] Cuauhtemoc Cardenas Solorzano, moral leader of the PRD [Party of the Democratic Revolution] and head of PRD supporters who do not have confidence in the government, told EL FINANCIERO that "what it (the conflict in Tabasco State) makes very clear is that the party reacts in a united manner when it has to."

Cardenas Solorzano insisted: "... the party reacts with unity whenever a problem hurts us all, whenever a problem does not just imperil matters of domestic order but also fundamentally has to do with the country's future outlook."

In his opinion, the internal debate continues and will continue with or without Tabasco, and "we, as it has been very clear in the party, hold contacts, encounters, and meetings with everybody. At the same time, we are working on building a correlation of political forces that is favorable in the country for a democratic project such as the PRD."

The leader of the Foundation for Democracy downplayed internal conflicts in his party during the period that its leaders are being reshuffled. He said that everyone in his party is seeking a democratic transition and that the disagreement lies between those who are more trusting of the government and those who are not.

From the outside, one is seeing a critical situation in view of the change in national leadership. The impression one gets is that the PRD members are not going to elect a leader but the party that they want, based on two trends, that is, between those who want an agreed upon transition and those who support democratic intransigence.

I do not see any dispute or option between two trends presented in that manner.

"I think that all of us in the party seek a transition to democracy, that is, a transition that will allow us to bring about a real and profound change in the country's political structures, laws, institutions, and political practices. This is something that, when viewed from the trend of democratic change promoted by the party, demands a very profound change in economic policies to endow them with a social content, break the shackles of dependency, and break the agreements signed February of last year with the United States, in which the major decisions, or many major decisions of domestic policy are subject to or, in fact, adopted by the U.S. Department of the Treasury."

Cardenas Solorzano saw no difference between those who support an agreed upon transition and those who support adopting a firm stance on democratic principles. "I believe that one condition is to maintain the party's independence and be intransigent regarding principles. This does not mean there is a lack of tolerance for differences, nor does it mean that contacts should not be made with all the political, social, and productive forces with which we must deal, beginning with the government."

Where there may be differences, Cardenas Solorzano explained, is between those who have greater confidence in the government's attitude and those who do not expect the government can promote changes or find itself pressured to make changes just because it is given good arguments for it to do so or because it is given good programs or because one can win discussions with it.

On the contrary, the moral leader of the PRD said that "some of us, in addition to presenting good programs and defending stances well, need to have a political competence and exert sufficient pressure to impose changes through constitutional means, through the means established by laws, so as to be able to bring about changes in the political regime or in the fundamental decisions that govern the country's life."

[Gomez] But would the PRD not have to make these changes in the government?

[Cardenas] Of course. The party does not lose track of what it wants. We are really in a dispute for power. We believe this would be the shortest course to the changes the party has made a commitment for with the country and the people. "Of course, doing things from the governing position is always easier than exerting pressure from the opposition for changes to take effect. The party is bent on power and wants to push — from the government if possible but, if not, from wherever — the changes we regard as necessary for Mexico."

[Gomez] On the outside, one gets the impression that PRD hesitates between being a true government alternative, an opposition party that aspires to become government, or a permanent opposition party by definition.

[Cardenas] I do not know if some people think like that. In the party, I do not see anyone who wants to become an opposition for the sake of it. Such a position would be very narrow, limited, and without perspective.

The Risk of Splitting Ruled Out

[Gomez] How should the party be in terms of philosophical identity?

[Cardenas] This is very clear to me. The party struggles for a deep democratic change, a democracy that does not express itself in the electoral arena alone. It is essential to respect the vote and have every vote count and be accounted for carefully. Have the votes determine who governs, how the country is to be governed. Have the votes give legitimacy to the people's representation and public authority. That is out of the question. "Nevertheless, electoral democracy is not the only thing we are seeking. We are after an economic democracy, a better distribution of public wealth, social opportunities, as well as education, health, a home, and a job for everyone. This is what defines the party. We are struggling for a fully independent Mexico, not a subordinated Mexico, like the government's political project or the neo-liberal project that the government and the National Action Party share at present. We are very clear in this. We are bent on fighting corruption in earnest. At present, the struggle for democracy and economic independence, and against dependency, involves a resolute fight against corruption. I think this is our definition."

[Gomez] Inside the party a play takes place which is described as democratic. There are discussions, debates, and disputes. On the outside, however, the image projected is one of a party without credibility because it is divided and violent.

[Cardenas] The description of violent does not fit the PRD because violence has been done to the PRD. More than 300 of our number died during Salinas' government and more than 70 have died during the present government. In other words, any violence has been occurring against the PRD.

[Gomez] Despite the disagreements, is there any possibility of preserving the party's unity?

[Cardenas] I do not foresee any risk of splitting or the probability of a significant number of PRD members leaving the party for another organization or creating their own party. People come into and go out of every party. No problem about that.

[Gomez] According to the situation that you present, could the party unite all of the country's democratic forces, not only popular forces or the groups described as minorities?

[Cardenas] One of the resolutions issued during the most recent congress, in which not enough work was done, is to seek a rapprochement with other social, political, and productive forces. "One of the tasks that the new party leaders, whoever they are, must carry out on a priority basis is to strengthen, expand, and consolidate the party's territorial foundation. This is to say, to create committees in municipalities, communities, neighborhoods, working centers, population centers, labor unions, or wherever there are not any."

Mexico: Energy Sector Development Plan Outlined

PA2102233496 Mexico City EL FINANCIERO in Spanish 19 Feb 96 pp 36, 37

["Summary" of the Development and Reorganization Program of the Energy Sector for 1995-2000]

[FBIS Translated Text]

General Objective

To strengthen the domestic energy sector in order to increase its contribution to a vigorous, sustainable, and fair economic development, guaranteeing the state's leadership on the matter, thus contributing to create a more prosperous and sovereign Mexico.

Sector's Diagnosis: Main Elements and Challenges

- The energy sector, which is one of the pillars of the long-term growth of the economy, has a potential to contribute on a larger scale to the domestic economic growth.

- In the late 1970's, significant investments in exploration and production were made. However, starting in 1982, a substantial drop in the amount of investments has been observed, prompting two main consequences: a decrease in the level of proven reserves and a difficulty to maintain the levels of production.

- In recent years, an increase in the levels of per capita energy consumption has been observed.

- Due to insufficient investments in energy transmission in the last few years, the country has a national interconnected system that is adequate for its current needs. However, it must be improved to diminish energy losses, attend new users, and increase the quality of service.

- Reverting these trends requires:

— Creating opportunities to lure private, domestic, and foreign investments.

— Developing the capacity to generate more foreign exchange.

— Funneling more resources to increase the sector's productive and distributive infrastructure.

— Promoting technical development opportunities in the sector.

— Taking advantage of the potential for technological exchange with other countries and the prospects in the production of technical works.

- Considering Mexico's economic recovery, as well as the international market prospects, the energy sector needs to be expanded and strengthened.

Specific Objectives

1. To promote the sector's quick and efficient expansion through the strengthening of the public companies that make it up, thus contributing to generate foreign exchange for exports and direct domestic and foreign private investments.

Strategic Actions

- Allocating larger public investments to activities reserved for the state.

- Implementing a policy of prices and rates that will allow the adequate capitalization of the sector.

- Concentrating in exploration, production, refining, and processing activities; in the transportation, storage, and distribution activities inherent to the four aforementioned activities; and in the first-hand sales of oil, refined products, gas, and byproducts that could be used as basic industrial raw materials or basic petrochemical materials.

- Developing the hydrocarbon reserves at a rate higher than the current one.

- Fomenting the participation of the private sector within the limits the law stipulates.

- Privatizing the public assets of the secondary petrochemical industry.

- Regarding the CFE [Federal Electricity Commission], concentrating direct investment resources in the expansion of transmission and distribution systems and promoting the funneling of private investments to energy generation.

- Making bids for 9,031 megawatts of additional capacity between 1995 and 1996.

- Regarding energy generation, resorting to leasing systems and independent energy producers, according to what is convenient in each case.

- Abolishing the historical investment backwardness of the Central Light and Power Company [Luz y Fuerza del Centro] and move forward with its reorganization plan.

- Promoting an efficient industrial structure in the sector.

- Continuing to reorganize Pemex [Mexican Petroleum], the CFE, and the Central Light and Power Company in order to turn them into modern and efficient private companies.

- Creating within the CFE result centers responsible for their own accounting.

- In the oil industry, supplying basic engineering packages, technological services, technical assistance, and economic studies on the implementation of more profitable processes.

- Making the Mexican Petroleum Institute (IMP), the Electrical Research Institute [Instituto de Investigaciones Electricas] (IIE), the National Nuclear Research Institute [Instituto Nacional de Investigaciones Nucleares] (ININ), and other public and private centers, pillars of excellence for the sector's activities.

- Promoting and taking advantage of the private sector's capability to create technological innovations that will increase the sector's efficiency.

Sector's Diagnosis: Main Elements and Challenges [subhead]

- Electric energy rates have shown substantial fluctuations in true terms, a fact that has affected the financial capabilities of the sector's enterprises, inhibited private investment in electric energy generation, and rendered assessing the quality of the service difficult.

- In the central area, attended to by the Central Light and Power Enterprise, a deep and broad administrative and financial restructuring is required in order to efficiently meet the growing demand.

- As for natural gas, the gas pipeline network requires to be expanded to convey natural gas to cities where the demand has not been met or where this demand is expected to increase rapidly.

- Considering the Mexican economy's need for growth and efficiency in a globalization context, the energy sector must:

- Improve the quality of some products and services; establish an efficient and equitable price and tariff structure for the adequate capitalization of the sector; guarantee the supply of some products and services; enforce the environment protection legislation more fully; strive for better prevention and correction of environmental damage; improve the treatment of users, customers, and suppliers; expand the range of competitive energy options for local industrialists.

Specific Objectives

2. To contribute to the productive plant's overall competitiveness by providing goods and services with range, quality, and prices comparable to the international ones and complying with environmental and operational safety standards.

Strategic Actions

- Consolidating the price transfer strategy in Pemex, based on international opportunity costs.

- Improving the development of a tariff policy for the CFE [Federal Electricity Commission] and the Central Light and Power Enterprise, which can facilitate the operation of agencies, promote private investment in the generation of electric energy, and improve service to users.

- Improving the quality/price relationship of products and services.

- To keep from harming the financial capability of agencies that operate in the sector, it is essential to limit subsidies to those that the Federal Government explicitly decides to grant.

- Lowering operational costs associated with operational inefficiency.

- Increasing the operational and administrative flexibility of the sector's agencies for reacting in time to the users' requirements.

- Promoting the participation of private investors in the distribution of natural and low-pressure gas to increase the users' options.

- Updating quality and service standards and strengthen the vigilance and control mechanisms to enforce these standards.

- Improving the protection of the environment through prevention, control, and reduction of polluting emissions, as well as the effects from the construction and operation of installations.

- Incorporating environmental protection actions in the agencies' daily practice.

- Applying a new methodology to assess investment projects.

- Setting up intensive training, dissemination, and awareness programs to increase the workers' environmental culture.

- To include, in investment programs, actions aimed at minimizing the installations' impact on the environment.

- To continue with environment restoration programs in the framework of applicable rulings.

- To give greater priority to safety regulations and programs.

- Implementing plans for overall safety aimed at specific objectives and goals.

- To direct energy regulations toward mechanisms that favor competitive conditions in the market.

- To develop clear, flexible and efficient regulations that promote productive investments.

- To protect consumers by providing services that are reliable, stable and safe.

- To separate the duties of the State into owner, operator, and regulator.

- To consolidate the Energy Regulating Commission.

- The relative advantages of Mexico regarding energy production could be maximized if selective actions are taken to diversify the markets.

Specific Objectives

3. To benefit from Mexico's advantageous position in energy matters, especially hydrocarbons, in order to improve the country's strategic position in international markets.

Strategic Actions

- To maintain and eventually increase hydrocarbon exports based on the domestic and international market conditions.

- To prompt the expansion and diversification of each product and regions of exports, as well as guarantee the supply of imports.

- To contribute to improve the national refining system by selling petroleum products abroad, while expanding the possibilities of refining and exports by means of joint investments and strategic alliances with foreign businesses.

- To improve the technical potential with the support of advanced technologies available.

- To take advantage of international interconnections in the electrical secondary sector to facilitate the import and export of electricity, as a regulating factor of the national supply.

- To take advantage of the ample technical potential stored in the secondary sector by actions of assistance that could become attractive sources of currency.

Sector's Diagnosis: Main Elements and Challenges

- The expansion of the energy sector has allowed the promotion of aspects of regional development and contribute in the industrialization of the country. However, the growth registered at the regions has been different, thus, the following is required:

- To eliminate the tariff structure with crossed subsidies.

- To improve planning on the economic and social impacts.

Specific Objectives

4. To contribute for a more balanced regional development.

Strategic Actions

- To continue with the geographic decentralization of Pemex and CFE.

- To ensure investment programs for infrastructure of the parastate institutions be more in accordance with the regional development needs.

- To favor those energy projects that could mean a more positive impact on regional development.

- To carry out programs of rural electrification.

- The fiscal contribution of the industry has made it possible to boost public finances, participate in funding economic development, and promote social welfare programs.

- In 1994, Pemex contributed $61 billion to the state coffers (65 percent of its total sales).

- In 1992, Pemex revamped its organizational structure in order to decentralize and expedite operations, and the CFE and the Central Light and Power enterprise are undergoing changes. This sector, however, is governed by excessive regulations that inhibit its efficiency and development.

- Among the factors that must be amended are:

— Erratic and uncertain tax systems.

— Heavy tax burdens that on occasions deplete the capital of the sector.

— Excessive regulations that hamper the daily operations of the sector organisms.

Specific Objectives

5. To promote the adequate operations of the sector's state enterprises, specially Pemex, CFE, and the Central Light and Power enterprise, so they can make a greater contribution to national development as a whole.

Strategic Actions

- To expand substantially the autonomy of the administration of the sector entities through a deregulation that eliminates administrative controls and obsolete requirements stemming from its relation with the authorities.

- To review and reform, in an opportune and adequate manner, the budget norms that are applied to the sector's public enterprises.

- To propose adjustments in the tax system to which the sector enterprises are subject, in order to make it predictable, keep it from affecting its adequate capitalization, and allow the latter to become competitive at the international level.

- To promote adjustments to the regulations framework on the matter of supervision, control, and administrative autonomy.

- To further the operational, administrative, and financial restructuring programs.

- To improve coordination among the sector organisms.

Sector's Diagnosis: Main Elements and Challenges

- Deficiencies in the use of energy exist, including:

— Lack of efficient energy use habits.

— Prices and rates that often do not reflect the real value of energy.

— Lack of investment to lower the cost and loss of energy in operating the sector.

Specific Objectives

6. To promote savings and efficient use of energy in the sector entities as well as in the productive plant and society.

Strategic Actions

- To promote the adequate exploitation of the potential for saving energy, by preparing different programs aimed at increasing efficiency and waste [dispendio] in the sector installations.

- To develop programs in the institutions, divisions, and entities of the Federal Public Administration that promote savings and the efficient use of energy, in line with the specific goals.

- To promote the implementation of projects on the rational use of energy.

- To continue, within the framework of a broad consensus between the social and private sectors, developing and implementing energy efficiency standards in equipments and systems.

- To promote technological development and research in the area of savings and efficient energy use.

- To establish, starting in 1996, summer hours.

- The energy sector is a major source of jobs and its purchasing policy significantly affects many sectors of the economy.

Specific Objectives

7. To promote the development of economic activities linked directly to the sector.

Strategic Actions

- To design, along with the Secretariat of Commerce and Industrial Development (Secofi), the instruments, formulas, and procedures to implement the provisions in the chapters on purchases from the public sector, in favor of the domestic industry of capital goods, included in the commercial agreements signed by Mexico.

- To ensure that the plans for "turnkey" projects allow for a greater participation of domestic suppliers.

Sector's Diagnosis: Main Elements and Challenges

The productivity of energy workers increased throughout the 1976- 1995 period. However, it is necessary to boost productivity even further to attain standards equivalent to international ones.

Specific Objectives

8. To improve the working conditions of energy workers by encouraging productivity.

Strategic Actions

- Give priority to training actions linked to establishing programs that motivate and reward the capability, attitude, and performance of workers by promoting these actions and assigning fair remunerations in keeping with designated responsibilities and the conditions of the labor market.

- To move forward regarding sectional programs on labor, operational and financial productivity, and quality of service.

- To evaluate the performance of the workers, as well as the fulfillment of the commitments made through management indexes [indices de gestion].

- To boost productivity through the modernization of the working systems, their simplification and, in this case, advances in the automation of the productive process.

- To establish links between the organizations of the sector and institutions of higher learning in order to set up training programs.

- To improve labor relations.

Mexico: Roundup of Economic Developments Through 19 Feb

PA2102042096

[FBIS Report] The following is a compilation of reports on economic developments in Mexico monitored through 19 February.

The crisis the automotive industry is facing left more than 20,000 people jobless in 1995, caused approximately 20,000 workers to earn less, and continues to trigger devastation. So far in 1996, 150 National Diesel, Dina, workers and 230 Volkswagen workers have been laid off. In addition, General Motors shut down its Mexico City plant in September 1995. The 1995 annual report that the automotive industry released indicated that general sales dropped by 17 percent compared to 1994, car sales fell by 72 percent, and industrialists were able to recover themselves only through exports. (Mexico City LA JORNADA in Spanish 12 Feb 96 p 39)

A study which the Schering-Plough company conducted shows that the sales of the chemical-pharmaceutical industry fell by 23.9 percent in 1995 as compared to the previous year; that is, they fell by $778 million. The study also shows that sales per unit also dropped by 7.2 percent as 884,000 boxes were sold in 1995, 68,000 less than in 1994. In addition, it was reported that the sales of this industry increased by 26.7 percent in the 1991-95 period as they went from $1.95 billion in 1991 to $2.471 billion in 1995. (Mexico City LA JORNADA in Spanish 12 Feb 96 p 51)

Throughout 1995 and until 9 February 1996, 66 issuing companies, which have 75 issues quoting in the Mexican Securities Exchange, BMV, were able to refinance their debts, which total $7,789 billion. According to BMV information, the most common manner in which these companies refinanced their debts, consisting of midterm obligations and promissory notes, was through the capitalization of interests. Other companies opted for the change of interest rates from nominal to real rates, changes in interest rates, the use of investment units, UDI's, or a combination of these. The refinanced debts fluctuate between 6 million and 1.5 billion pesos. (Mexico City EL FINANCIERO in Spanish 12 Feb 96 p 7)

According to a Monterrey, 12 February-datelined report, European Ambassador Jacques Lecomte today announced that the European Union, EU, the National Foreign trade Bank of Mexico, and the Commerce and Industrial Development Secretariat, Secofi, this year will invest $1.5 million to promote Mexican exports. The diplomat explained that the objective is to increase the presence of Mexican exports in Europe, adding that one of the main problems of the Mexican-EU trade relation is Mexico's exporting deficit, which amounts to $7 billion. (Mexico City NOTIMEX in Spanish 2345 GMT 12 Feb 96)

Decio De Maria Serrano, industry and foreign trade promotion under secretary, said that according to Secofi preliminary figures, productive foreign investments in Mexico fell by 56 percent in 1995 to $4.5 billion. (Mexico City LA JORNADA in Spanish 13 Feb 96 p 54)

The Sanluis Industrial Corporation has reported net profits amounting to 159.1 million pesos for the fourth quarter in 1995, while its net sales totalled 1.3734 billion pesos, which is a 53 percent increase as compared to 1994. This mining company was able to recover from 420.2 million peso loss in 1994 as it exported more than 1.125 million pesos last year. (Mexico City EL FINANCIERO in Spanish 13 Feb 96 p 13)

In 1995, the Alpek group responded to the demands of the domestic and foreign markets as it increases it production volume. The group doubled its sales and offset the losses it recorded in 1994. According to the latest financial statements, Alpek sales amounted to 9.6084 billion pesos, its profits increased by 63 percent, and its foreign sales increased by 142 percent. Alpek, the country's second largest petrochemical exporter, obtained 1.3098 billion pesos — approximately $728.5 million — in foreign sales in 1995. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 13 Feb 96 p 17A)

Foreign Investment in the Mexican Stock Exchange reached a record $32.1 billion in January. (Mexico City Radio Red in Spanish 0000 GMT 16 Feb 96)

A Mexico City, 14 February-datelined item reports Gustavo Saavedra Ordorica, general director of the Commerce and Industrial Development Secretariat, revealed today that the telecommunications sector grew at an annual rate of 18 percent between 1990 to 1994. Saavedra said that a combination of the annual growth rate, freeing of the service rates, and greater competition in the sector will result in a 25-percent reduction in service rates. Jorge Lara Guerrero, president of the National Chamber of the Electronic and Electronic Communications Industry, and estimates the market will be worth $20 billion by the year 2000, and that $16 billion will be invested in the sector in the next five years. (Mexico City NOTIMEX in Spanish 0101 GMT 14 Feb 96)

A Mexico City, 14 February-datelined item reports the Bank of Mexico (Banxico) revealed today that Cetes (Treasury Certificates) yields increased as follows: 28-day Cetes increased by 3.35 percent to 39.57 percent; 91-day Cetes increased by 2.24 percent to 41.32 percent; 812-day Cetes increased by 1.56 percent to 41.89 percent; and 350-day Cetes increased by 1.7 percent to 43.17 percent. The results of Tuesday's Cetes auction were as follows: $135 millions sale of 28-day Cetes; the same amounts sold for 91, and 182-day Cetes; $67.5 millions in 350-day Cetes. (Mexico City NOTIMEX in Spanish 0238 GMT 14 Feb 96)

A Mexico City, 14 February-datelined item reports the Central Bank of Mexico revealed today that its international net assets increased by $149 million between 2 and 9 February to a total of $871 million as a result of the purchase of $150 million from the government. The bank also reported deposits from Pemex sales reached $89 million, and currency income from other operations totaled $9 million. It also reported the sale of $52 million in currency to the government to cover the foreign debt and the amortization of Tesobonos (Treasury Bonds) for $47 million. The bank reported that bills and coins in circulation dropped 2.287 billion pesos compared to the previous week. (Mexico City NOTIMEX in Spanish 1612 GMT 14 Feb 96)

A Mexico City, 14 February-datelined items reports that Francisco Mer Palafox, general director of the Development Bank of the Finance and Public Credit Secretariat, said today that the development banks will grant $218 billion pesos ($28.684 billion) in loans, having increased its resources by 24.2 percent. Palafox reported the development bank loaned approximately 146 billion pesos ($19.210 billion) last year. The National Foreign Trade Bank of Mexico will loan 84 billion pesos ($11 million) in 1996, a 46-percent increase compared to last year. The National Finance Bank will loan 38 billion pesos ($5 billion) in 1996 compared to 13 billion pesos ($1.7 billion) last year. The National Rural Credit Bank will lend 6 billion pesos ($789 million) in 1996 compared to 5 billion pesos ($657 millions) in 1995. The National Sugar Finance Bank refinanced more than $8 billion pesos (approximately $1 billion) to all the sugar mills in the country in 1995. The National Bank of Domestic Trade of Mexico loaned 6 billion pesos ($789 million) in 1995 and this it expect to increase that amount by 11 percent. The National Bank of Public Works and Services, Corp. loaned 11 billion pesos ($1.447 billion) in 1995, and will lend 9 billion pesos ($1.2 billion) in 1996. The Housing Operation and Discount Fund loaned 6.270 billion pesos ($815 million) in 1995 and will lend 10 billion pesos ($1.3 billion) in 1996. The Trust Institute for Agriculture loaned 15 billion pesos ($2 billion) in 1995 and will lend 20-percent more in 1996. Finally, the Trade Development Fund (Fidec) loaned 9 billion pesos last year and expects to increase that amount by 58 percent in 1995. (Mexico City NOTIMEX in Spanish 1651 GMT 14 Feb 96)

A London, 14 February-datelined item says Mexico has joined the International Coffee Organization (OIF) as a full member. (Mexico City NOTIMEX in Spanish 1800 GMT 14 Feb 96)

Francisco Mere Palafox, director general of the Finance and Public Credit Secretariat's (SHCP) Development Banks sector, reported yesterday 218-billion-pesos' worth of financing will be channeled in 1996; adding this represents a 24.2-percent increase compared with the amounts granted last year. Mere said the National Foreign Trade Bank of Mexico (Bancomext) will channel the largest volume of credits, 84 billion pesos (46-percent increase), for pre-export programs and to finance foreign sales, investment plans, equipment imports, and other nonfinancial services. The National Finance Bank, Inc. (Nafinsa) will grant 38 billion pesos in credits (a 141.3-percent increase) for industrial modernization plans, working capital, risk capital, and to refinance portfolios. The National Rural Credit Bank (Banrural) allocated 6 billion pesos in credits for spare parts, refurbishment or equipment, securities, and other operations. The National Sugar Finance Bank (Fina) refinanced sugar mills' debts, totalling more than 8 billion pesos in 1995, in UDIs (Investment Units). The National Bank of Domestic Trade (BNCI) will destine 9 billion pesos to support its credit programs for public market vendors, to reorganize street vendors' activities, and to build commercial and services infrastructure. (Mexico City LA REFORMA in Spanish 14 Feb 96 — received via Internet)

A report from the Mexican Securities Exchange (BMV) reveals that foreign investments at the Mexican stock exchange throughout January totaled $32,100,360,000. This represents a 15.24-percent increase — $4,245,150,000 billion — regarding the balance at the end of 1995. This is the first monthly increase since November 1994 and it mainly corresponds to an increase in the price of Mexican companies' shares in the New York Stock Exchange. The flow of new external resources through the placement of domestic debt bonds totaled $433 million, which represents an 11.36-percent increase. The amount of resources placed in this type of actions throughout January totaled $7,566,560,000. Foreign investments in American Depository Receipts totaled $16,740,830,000, which represents a 9.97-percent increase compared with December 1995. The securities which comprise the Neutral Fund managed by Nafinsa [illegible]eased to $3,142,990,000, which represents a 19.[illegible]5-percent increase. Foreign investments placed in the Mexican money market, dominated by the various securities issued by the Federal Government, remained low given the amortization of more than $29 billion in Treasury Bonds (Tesobonos) over the last 13 months. The amount of government bonds owned by foreign investors as of 23 January totaled $3,771,940,000, which represents a 12.98-percent increase, mainly attributed to the purchase of Treasury Certificates (Cetes). A report from the Bank of Mexico (Banxico) reveals 84 percent of resources placed by foreign investors in government bonds are concentrated in Cetes. This involves the sum of $3,174,020,000, meaning an 11.90-percent increased compared the balance in December 1995. Foreign investors' propensity to purchase Development Funds (Bondes) was marginal — $165.2 million — despite a 46.07-increase in January. Tesobonos owned by foreign investors dropped 36.08 percent, compared with December's figures, and now totals $123.2 million; whereas the adjustable rate bonds (Ajustabonos) owned by foreign investors currently total $314.3 million, after a marginal drop of 0.23 percent in January. (Mexico City LA JORNADA in Spanish 14 Feb 96 — received via Internet)

The Commerce and Industrial Development Secretariat (Secofi) reports the creation of 465 new assembly plants and the expansion of an additional 678 plants, particularly in the lumber, metal, and electronic sectors. The new enterprises hired 55,681 new employees and the expanded enterprises hired more than 95,672 new employees. The number of assembly plants in the country currently totals 2,982 and they employ 751,582 employees. (Mexico City NOTIMEX in Spanish 0116 GMT 14 Feb 96)

Industrial activity in the mining, manufacturing, construction and electricity sectors dropped 8.4 percent from January to November 1995, compared to the same period in 1994. According to the National Institute of Statistics, Geography, and Information Science, Inegi, construction dropped 22.3 percent, while manufacturing activities dropped 6.9 percent and mining activities 1.3 percent. (Mexico City EL FINANCIERO in Spanish 15 Feb 96 p 23)

The National Finance Bank, Nafin, has announced that it will immediately resume credit operations with funds to finance enterprises within the National Solidarity Program. (Mexico City EL FINANCIERO in Spanish 15 Feb 96 p 6)

Direct employment in Mexico's automobile industry dropped slightly more than 15 percent during 1995, which means that almost 27,000 jobs were lost, according to an analysis conducted by the National Industry of Auto Parts and the Center of Economic Studies of the Private Sector. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 15 Feb 96 p 2A)

According to a Mexico City, 15-February datelined item, National Finance Bank, Nafin, issued bonds worth 250 million South African rands, equivalent to $69 million, with a three-year coupon and a yield of 17 percent. Nafin says that this issue will have a yield of 360 points at U.S. Treasury rates for this term. (Mexico City NOTIMEX in Spanish 0039 GMT 16 Feb 96)

According to a Mexico City, 15 February-datelined item, the Bank of Commerce, Bancomer, and the Bank of Montreal have signed a strategic merger in which the latter pledges to put up capital worth 16 percent of the Bancomer stock. The merger is estimated to be worth $500 million and is mainly intended to identify and develop joint business opportunities. (Mexico City NOTIMEX in Spanish 0104 GMT 16 Feb 96)

According to a Mexico City, 15 February-datelined item, Mexican Petroleum, Pemex, increased crude exports by 11.9 percent in January compared to its December figures. Pemex exported an average of 1.4993 million barrels a day in January. Prices dropped in January due to the international market. (Madrid EFE in Spanish 0116 GMT 16 Feb 96)

According to a Mexico City, 15 February-datelined item, Bancomer reported 505 million pesos in profit, equivalent to $68 million, during 1995. The capitalization index was 11.5 percent and accumulated preventive reserves amount to 86 percent of its overdue portfolio. Profits reflect a 44-percent drop compared to 1994. (Mexico City NOTIMEX in Spanish 0214 GMT 16 Feb 96)

According to a Mexico City, 16 February-datelined item, the Finance Secretariat reported a 6.9-percent drop in the GDP during 1995. The fishing and agriculture sectors registered a 2-percent drop during the fourth quarter in 1995 compared to the same period in 1994. Throughout the year, agriculture and fishing dropped 3.8 percent. Mining reported a 3.4-percent drop in production during the fourth quarter due mainly to the effect of hurricanes on Gulf of Mexico oil production. The manufacturing industry dropped 5.5 percent during the fourth quarter. Power, water, and natural gas increased production 1.6 percent during the Oct-Dec 1995 period. Communications increased 8.8 percent during Oct-Dec 1995. (Mexico City NOTIMEX in Spanish 1909 GMT 16 Feb 96)

According to the Finance and Public Credit Secretariat, at the end of 1995, Mexico's public foreign debt grew by 17.5 percent compared to 1994, amounting to $90.3161 billion. The fourth quarter report on the economic situation, public finances, and the public debt established that the increase in the debt was mainly derived from the replacement of the domestic debt or Tesobonos (Treasury Bonds) with foreign debt. In this way, the public foreign debt grew while the public domestic debt decreased by 47.9 percent in real terms. The net domestic public debt at the close of 1995 was 130.407 billion new pesos, a 20.8-percent drop in nominal terms. Regarding the foreign debt, it indicated that $6.3311 billion in interest payments were made in 1995, representing 7.9 percent of annual exports. (Mexico City REFORMA in Spanish 16 Feb 96 — received via Internet)

Mexican Petroleum, Pemex, has reported that the export of petroleum increased to 1,499,300 barrels a day in January. Of this amount, 76.3 percent was exported to the United States. (Mexico City EL FINANCIERO in Spanish 16 Feb 96 p 13)

The Commerce and Industrial Development Secretariat, Secofi, has reported that Mexico improved its trade balance with the United States, going from a deficit of $2.877 billion to a surplus of $11.743 billion from January to November 1995. It said the trade balance with Canada went from a $103 million deficit to a $644 million surplus. These amounts represented a 28.8-percent increase in Mexican exports to the United States and a 39.6-percent increase in Mexican exports to Canada. Imports from the United States showed a 21-percent decrease, while those from Canada a 15.1-percent decrease. Secofi reported that Mexican sales to the United States and Canada consisted mostly of manufactured goods, representing 82.7 percent and 94.4 percent, respectively. (Mexico City EL FINANCIERO in Spanish 16 Feb p 20)

Experts and former officials of Pemex Refining have warned that domestic consumption of Maya heavy crude is at the highest level that can be tolerated by the national refinery system. The national average for processing Maya crude in the refineries is presently more than 30 percent and in some cases 42 percent. This creates problems because the refineries were designed to consume only Istmo light crude. (Mexico City EL FINANCIERO in Spanish 17 Feb 96 p 28)

According to a Tapachula-datelined report on 17 February, "the Mexican coffee growers said that they have exported 90,000 tons of coffee to date despite the nearly 40-percent losses due to last year's rains." Guillermo Escudero Robles, president of the National Confederation of Coffee Growers, said the international market is offering a good price, $1.25 per pound. (Mexico City NOTIMEX in Spanish 0017 GMT 18 Feb 96)

The Finance Secretariat has reported that the GDP registered a 6.6-percent drop in the fourth quarter of 1995 compared to the same period in 1994. (Mexico City XEW Television Network in Spanish 0400 GMT 17 Feb 96)

Costa Rica

Costa Rica: Nation Would Consider Samper Asylum Request

PA2202012996 Panama City ACAN in Spanish 2354 GMT 21 Feb 96

[FBIS Translated Text] San Jose, 21 Feb (ACAN-EFE) — Costa Rican Foreign Minister Fernando Naranjo has said his country would give political asylum to Colombian President Ernesto Samper if he so requests.

The Costa Rican foreign minister has said that if President Samper is considering leaving Colombia "and said he would like to come to Costa Rica, we would consider that possibility."

The foreign minister has said, however, no petitions or reports of a possible asylum request in Costa Rica by the Colombian president have been received yet.

President Samper is experiencing one of the most serious political crises of his country following accusations made by former Defense Minister Fernando Botero on the contribution of drug trafficking money into his electoral campaign.

Naranjo has said Costa Rica has a tradition of granting asylum, which was requested last year by former Ecuadoran Vice President Alberto Dahik, who fled his country after the Supreme Court accused him of illegally handling the Presidency's discretionary funds.

El Salvador

El Salvador: Warren Christopher To Visit 25-27 Feb

PA2102181596 San Salvador EL DIARIO DE HOY in Spanish 17 Feb 96 p 2

[Report by Martha Elena Ibarra]

[FBIS Translated Excerpt] El Salvador will be the site of a meeting among U.S. Secretary of State Warren Christopher and the presidents of Central America, Panama, and Belize. The secretary of state will visit the country on 25-27 February, and he is expected to meet with the region's presidents at the Presidential Residence on 26 February.

In the meeting, the presidents are expected to broach common regional objectives, hemispheric integration issues adopted at the Summit of the Americas, and U.S. cooperation with the Central American region.

According to a communique the Foreign Relations Ministry issued, Christopher's visit to the country will take place within the framework of a tour of Latin America and the Caribbean as a token of his country's support for the democratic processes and economic reforms on the isthmus.

Foreign Ministry sources pointed out that "the secretary of state's visit is proof of the U.S. recognition of the achievements the country has made to forge a region of peace and democracy with development."

President Armando Calderon Sol affirmed that the Salvadoran immigrants' problems in the United States are one of the main issues that will be discussed. "I am committed to defending and protecting our fellow nationals," the president said.

Likewise, he stressed that, during the working meeting, they will discuss not only the region's problems, but will also take advantage of the meeting to discuss bilateral issues.

Even though Calderon Sol did not confirm the participation of all the presidents in the area, he explained that he has already extended an invitation to Honduran President Carlos Roberto Reina to attend the meeting as the acting secretary of the presidential summits.

During his three-day visit to the country, Christopher will visit the Supreme Court of Justice and the Legislative Assembly, where he will deliver a speech to the deputies. He will also visit Chile, Argentina, Brazil, and Trinidad and Tobago. [passage omitted]

El Salvador: Medical Campaign Carried Out With U.S.

PA2202044396 San Salvador LA PRENSA GRAFICA in Spanish 21 Feb 96 p A39

[Report by Liliana Fuentes Monroy]

[FBIS Translated Text] U.S. and Salvadoran personnel conducting activities within the Medical Brigades today will end the campaign of medical assistance to the residents of Perquin Municipality and such neighboring communities as San Fernando, Azacualpa, and Nahuaterique, former conflict points.

Since 19 February, hundreds of people have been coming every day, since early in the morning, to the Union Panamericana School, where the doctors are providing medical assistance to the people, mostly women and children.

"Most of the cases seen here pertain to deficiency in children's hygiene, their contact with garbage, and the intake of contaminated or inadequately prepared foods," Evelyn Pemberton, brigade member and captain of the U.S. group, has told LA PRENSA GRAFICA.

Pemberton has said the doctors had examined approximately 800 people up to yesterday, but they expect to see more than 1,000 people today. "We are organized as such to offer assistance to as many people as possible. We expect to see approximately 1,000 people in three days," she has said.

Meanwhile, Commander Castellon Vasquez, liaison officer between the Salvadoran Armed Forces and the U.S. Medical Brigades, has said this campaign seeks to benefit approximately 7,000 people in the area. "It is a joint endeavor in which U.S. doctors are participating as well as 10 Public Health workers, 10 members of the Military Health Battalion, and four veterinarians from the Agriculture and Livestock Ministry," he has said.

The brigades provide dental care, preventive talks, and immunizations for children. In addition, they provide veterinary assistance, which consists of rabies inoculations and the deworming of animals.

The Medical Brigades campaign will last 10 days, and tomorrow mobile clinics will move to the municipality of Sociedad, where they will stay for another three days. Subsequently, they will head to Jocoaitique for another three days, and they will finally offer medical assistance in the municipality of Osicala.

"It is a humane campaign. We are here to help the people, the communities in their health problems," Pemberton has said, insisting that the most important aspect of the work being done is the prevention of diseases. This is why people are briefed on all the procedures to prevent them.

Videos and talks to the people, particularly regarding personal and children's hygiene as well as other health topics, were presented during the work days.

Guatemala

Guatemala: Nation Says Conditions for Peace Treaty Exist

PA2202015396 Mexico City NOTIMEX in Spanish 0930 GMT 20 Feb 96

[FBIS Translated Text] Guatemala City, 20 Feb (NOTIMEX) — The Guatemalan Government has stated that the appropriate conditions do exist for the prompt signing of a definitive peace agreement with the guerrillas that would put an end to the only remaining internal, armed conflict in a Central American country.

The recently appointed head of the government's Peace Commission (Copaz), Gustavo Porras, has told NOTIMEX "there is an extensive leeway of agreements perhaps for the first time in the entire (peace) process."

He has said these agreements are still absent in the substantial issues of the negotiation, but "I believe (the government and the guerrillas) have demonstrated their commitment to finding a solution in which the signing of a peace agreement is possible."

He has said the arrival of a new government in Guatemala following an electoral process and the full establishment of the country's institutions have had a "favorable impact" on the international community, which will have an effect on the Guatemalan peace process.

He has refused to speculate about a possible date for the definitive signing of the peace agreement, because "deadlines are hard to meet," but he has insisted that conditions could not be more favorable for the resumption of talks and the prompt signing of the peace agreement.

Porras has said the United Nations, a mediator in the peace talks, and the Group of Friendly Countries have reiterated their support for the peace process.

He has admitted, however, that the international community "needs short-term results," because the Foreign Ministries of the Group of Friendly Countries and the United Nations "in some way have committed their prestige to the achievement of peace in Guatemala."

He has reiterated that the international community has kept up its support for the Guatemalan peace process and has reiterated it, but he has said the support cannot be interpreted as a form of pressure.

The Copaz president, who is also President Alvaro Arzu's private secretary, has announced that Mexico will continue to be the site of the peace talks with the Guatemalan guerrillas, because the neighboring country "has been an excellent place for the peace process."

He has said Copaz will travel to Mexico on 21 February, once President Arzu appoints the three military members of the commission, to resume the peace talks with the guerrillas in the Mexican capital on 22 and 23 February.

Porras has said the meeting will be an introductory one between the delegations of the government and the Guatemalan National Revolutionary Unity (URNG) with the mediation of a UN representative, Frenchman Jean Arnault.

A new working agenda will be drafted during the meeting between Copaz and the URNG for the negotiation of the topic "Socioeconomic Aspects and the Agrarian Situation," which has been under debate since April 1995.

"We will not have to wait for results in terms of agreements, because the objective is to draft an agenda as effective as possible to discuss the subtopics" of the big topic of the negotiation, he has said.

The chief of Copaz, a commission which consists of three civilians and three military officers, has said the Arzu administration has not proposed any changes to the preliminary negotiation agreement, and he has predicted it will enter "a new, dynamic phase."

Along with Porras, those traveling to Mexico will be Richard Aitkenhead, former finance minister during the government of former President Jorge Serrano Elias (1991-1993), and Raquel Zelaya, intellectual and social researcher, in addition to the three military officers who are yet to be appointed.

The conservative government of Alvaro Arzu, who took office on 14 January of this year, will resume talks with the URNG that have been ongoing since 1991 in search of an agreement that can end the internal, armed conflict that has left approximately 175,000 dead in 35 years.

Guatemala: Formal Meeting To Be Held With URNG

PA2202034896 Mexico City NOTIMEX in Spanish 2007 GMT 20 Feb 96

[FBIS Translated Text] Mexico City, 20 Feb (NOTIMEX) — The guerrillas and the government of Guatemalan President Alvaro Arzu will hold a first, formal meeting in this capital on 22 and 23 February to acquaint themselves and to begin analyzing the pending points of the peace negotiations.

Miguel Sandoval, of the Guatemalan National Revolutionary Unity (URNG), has said this meeting will be the first with the government of Arzu, who took office on 14 January, represented by the new members of the Peace Commission (Copaz).

"This is about formally resuming the peace talks with the acquaintance of the two delegations, as well as confirming the outline of the peace process," Sandoval, a member of the Political-Diplomatic Commission of the URNG, has told NOTIMEX.

He has said that during the meeting, which the URNG General Command will attend, the participants "will try to retake the thread of the negotiations at the point where they left off" in order to continue the peace process started in April 1991. The URNG will maintain the position of continuing the procedure and the format followed during the peace process, given that it is unnecessary to consider "alternative formulas," he has said.

As for the socioeconomic topic the parties have been discussing since April 1995, Sandoval added that "the United Nations has submitted to the parties a consolidated document that constitutes the basis of the negotiations, but this document has not been signed yet."

The meeting between Copaz and the URNG will take place two days before President Arzu's arrival in Mexico for an official visit, scheduled for 25-27 February. He will meet with his Mexican counterpart, Ernesto Zedillo, during this visit.

Arzu will also visit southeastern Mexico, where there are still Guatemalan refugees who fled the local, armed conflict in Guatemala. Approximately 175,000 Guatemalans have died as a result of 35 years of continuous fighting.

In the 1980's, approximately 100,000 Guatemalans remained in camps located in the Mexican states of Campeche, Quintana Roo, and Chiapas, under the auspices of the Mexican Government and the UN High Commissioner for Refugees (ACNUR).

Honduras

Honduras: President Praises Results of Tuxtla II Summit

PA2102120796 Tegucigalpa LA TRIBUNA in Spanish 17 Feb 96 p 3

[FBIS Translated Text] President Carlos Roberto Reina has returned from the Tuxtla Gutierrez II Summit and is pleased with the modification of the San Jose Pact, from which Honduras had been excluded, because it included only crude oil imports. And, since the country has no oil refineries, it could not benefit from the Mexican Government's offer.

Upon returning from Costa Rica, the president held a news conference last night to talk about his participation in the San Jose summit, where he was accompanied by Foreign Affairs Minister Delmer Urbizo Panting, Economy Minister Fernando Garcia, and National Congress Vice President Jorge Arturo Reina.

Regarding the summit, Reina said that there are 26 tangible issues included in the Action Plan of the San Jose Declaration of Tuxtla Gutierrez II, and the general proposal is comprised of political, economic, and international cooperation matters.

"The eight countries have the common goal to integrate themselves in light of the economic globalization the world is experiencing. The signs are good, and there is complete agreement on all the vices and problems we have in Central America. Tuxtla Gutierrez is where Mexico and Central America draw nearer," the president explained.

President Reina, who presided over the working meetings and is the spokesman for the presidents of the isthmus, pointed out that the foreign ministers, the ministers of various other fields, and the chiefs of state are implementing that what was discussed.

Free Trade Area

The president announced that the next meeting will be held in 1998 in San Salvador, adding that "we will be able to follow up on what became a reality in San Jose: A free trade zone in which legal regulations on illegal aliens and the fight against all sorts of organized crime will be standardized."

"Not only will a handful of countries be able to sign agreements with Mexico, but Central America as a whole."

He indicated that "this is not about blocs in Central America, but a distinctive bilateral relationship. Mexico is a very important country, which is rediscovering its own roots. We are mestizos and we share a common identity," Reina explained.

Honduras Strengthens Its Power

The president noted that, in this way, better opportunities exist to ensure the welfare of the Central American peoples, who will have economic and legal security. Thus, by the end of the century and in the coming 1,000 years, the inhabitants of the Isthmus will live in an atmosphere of optimism, confidence, and fraternity.

According to Reina, Honduras is now viewed as a country improving and strengthening its civil power, a country that lives within a state of law and defends the separation of the state branches.

A high-level commission, along with several subcommissions, will provide an immediate follow-up to all the resolutions issued in the Tuxtla II Summit. In addition, there will be a coordinated mechanism, which will be expected to yield results "almost immediately."

The countries that participated in the summit were: Mexico, Guatemala, El Salvador, Nicaragua, Honduras, Costa Rica, Panama, and Belize.

Nicaragua

Nicaragua: Creation of Commissions To Deal With IMF

PA1802213596 Managua BARRICADA in Spanish 16 Feb 96 p 6

[Report by Carolina Garcia Prudente]

[FBIS Translated Text] Producers, grouped together in various organizations throughout the country, will create a commission to negotiate directly with the IMF over the serious consequences to the government's promises with international financial organizations, which have mainly affected the agricultural sector.

These organizations decided to deal directly with the IMF because they believe that the government is not a good interlocutor and because it is the producers who directly feel the effect of imposed economic policies, such as the famous *Cobra*, which affects everyone.

In addition, the economic policies that international organizations have imposed on the country have caused a crisis among Nicaraguan cattle-raising farmers.

Ariel Bucardo, a UNAG [National Union of Farmers and Cattlemen] director, said that as a result of these economic policies, nearly 2 million manzanas of land that belong to producers who have historically been efficient, excellent bank clients, but are now are under the threat of being foreclosed legally by the *Cobra* are in danger of being lost.

He added that the government-applied IMF measures have been more devastating than the agrarian reform, which affected about 5,000 owners to benefit 100,000 people. The IMF measures, in turn, harm thousands of producers in order to possibly benefit foreign monopolies that take over the land.

Producers are proposing that the government apply to the UNAG the same mechanisms used by donor countries. In other words, favorable treatment of the debt as well as the formation of development banks, as is provided for by the *Constitution*.

Luis Mariano Torres, Upanic [Agricultural and Livestock Producers Union of Nicaraguan] director, said that the international organizations are forcing the closure of the National Agricultural Development Bank (Banades). This will then make state banks disappear and pave the way for private banks to finance producers, which it does not have the capacity to do.

Torres also announced that in light of the arrival of the IMF, Banades froze all credit until it collects 120 million cordobas to pay the Central Bank of Nicaragua.

In view of this situation, producers request that the government not be *soft* on the IMF and to truly represent the interests of farmers because agriculture is the basis of the country's economy.

Nicaragua: 'Liberal Convergence' Party To Be Formed

PA1902190996 Managua LA PRENSA in Spanish 11 Feb 96 pp 1, 8

[FBIS Translated Text] "Liberal Convergence" [Convergencia Liberal] will become the sixth party of liberal ideology in the country, comprised by former Independent Liberal Party [PLI] activists led by former Supreme Electoral Council [CSE] Magistrate Guillermo Selva Arguello.

During the first meeting of liberals in favor of unity, held at the Olof Palme Convention Center yesterday, it was decided to apply for legal status at the CSE.

Selva Arguello said the event was attended by 72 delegates who favor supporting Arnoldo Aleman's candidacy through the Liberal Alliance.

Selva Arguello said "46 of the 72 delegates voted in favor of creating a new political party, two voted against, and the rest (24) abstained from voting."

The Liberal Constitutionalist Party (PLC), the Liberal Party of Nicaragua (Pali), the Independent Liberal Party for National Unity (PLIUN), and the Nationalist Liberal Party [Partido Liberal Nacionalista] (PLN) comprise the Liberal Alliance.

The PLI is not part of the Liberal Alliance.

The leaders who support the creation of a new liberal party are Guillermo Selva, Edgard Quintana, Roger Guevara Mena, and Silvio Calderon, among others.

The decision to create a new political party received much criticism from those who attended the event, because they believe this party would create more confusion among Nicaraguan voters.

Marcelino Lacayo Cisneros, an activist in the PLI for 30 years, said: "I was invited the day before and did not know the creation of a new party would be proposed at the meeting. I do not endorse the creation of a new political party, because I am an independent liberal."

Lacayo Cisneros explained he had advocated the liberal party's unity since 1986, so he agreed to support a Liberal Alliance but not the creation of a new political organization. Lacayo Cisneros, as well as PLI founder Dr. Juan Manuel Gutierrez, Joaquin Mejia Mejia, Salvador Gaitan, Ulises Somarriba, and Antonio Gomez Sobalvarro have sponsored the liberal family's unity since 1986.

"I have been a political activist (in the PLI) for 30 years and will not cast them out overnight. I am certain Virgilio Godoy Reyes will join the Liberal Alliance sooner or later," Lacayo Cisneros said.

The alliance has been joined by certain PLI activists who, led by Selva Arguello, advocate supporting the Liberal Alliance.

Selva Arguello said PLI leaders do not have the slightest interest in joining the Liberal Alliance due to selfish interests.

"They requested 33 percent of the power quotas, 27 national assembly seats, four ministries, and three autonomous organizations. They requested this only to postpone things, because they had no interest in joining the Liberal Alliance," Selva Arguello said.

He added they will ask the CSE to grant the "Liberal Convergence" legal status once they fulfill all the requirements, including a public instrument and department and municipal directorates, among others.

Nicaragua: Officials Justify Arming Civilian Groups

PA2002162396 Managua Canal Dos Television in Spanish 0030 GMT 16 Feb 96

[From the "TV News" newscast; passages within quotation marks recorded]

[FBIS Translated Text] Jinotega Bishop Erasmo (?Vilchez) was the first person to report the existence of a group armed by the Army which spreads terror downstream of the Coco River. The area residents know full well what they have had to withstand.

[Unidentified resident] "They have been stealing and raping with the arms they have been given.

[Unidentified reporter] "And who gave them those arms?

[Resident] "The Army."

The Army had denied arming various groups in the country's north. It was only yesterday that General Joaquin Cuadra admitted it.

[Cuadra] "It was a decision of [words indistinct]. Let's keep in mind that the idea was to provide some protection. This is a practice systematically applied in many areas of the territory.

[Unidentified reporter] "And is this legal?

[Cuadra] "Yes, it's legal."

According to the president of the National Assembly's Human Rights Committee, however, the Army has acted outside the law and violated the Constitution, which the Army has pledged to defend.

[Human Rights Committee President Hernando Zuniga] "According to the Constitution, only the Army has the right to be armed. It will be necessary to determine if the Army somehow has the right to create armed groups without clashing with the Constitution. If such groups have not been created legally by decree or a president's decision, then such a decision violates the Constitution."

Before leaving for the Central American presidents meeting in Costa Rica, President Violeta Chamorro was anything but clear on the Army's degree of responsibility for arming civilian groups in the country's north.

[Unidentified reporter] "Mrs. Violeta, did you authorize the Army to arm groups of civilians in the country's north?

[Chamorro] "Did I authorize what? Look, I have instructed the Army and the police to protect the people. I don't like the idea of arming people. But the Army must be armed and prepared for any emergency.

[Reporter] "Gen. Cuadra has admitted to arming a group of Miskitos.

[Chamorro] "This cannot be described as acting on one's own free will. Everything is done according to the law."

It will have to be determined what laws we are talking about, because the Constitution stipulates that there can be no other armed bodies or military ranks in the national territory other than those established by law.

[Chamorro] "I have said the Army must be armed because Nicaraguan citizens require and seek protection. This is why the Army exists.

[Reporter] "Mrs. Violeta, these are not soldiers, but civilians. It is civilians who were armed by the Army.

[Chamorro] "Can't you see that a person is a civilian until he joins the Army?"

[Reporter giggles]

Apparently, the Army and the government have closed ranks. The two justify having armed civilians in the country's north.

[Julio Cardenas, minister of the presidency] "Protection forces, such as Physical Protection Corps [CPF], have been created legally throughout Nicaragua to reinforce the people's protection, always authorized by the Army.

[Reporter] "Is it true that the law has been violated?

[Cardenas] "No, no, I mean any authorizations have been issued according to the law."

The Human Rights Committee will travel to the country's north over the weekend and then conduct an investigation that will include the executive.

Panama

Panama: Legislator Opposes Stay of U.S. Bases

PA2202035996 Havana PRENSA LATINA in Spanish 1710 GMT 17 Feb 96

[FBIS Translated Text] Havana, 17 Feb (PL) — Oyden Ortega, president of the Foreign Relations Committee of the Panamanian Legislative Assembly, has stated here his opposition to the U.S. military bases in the Canal Zone remaining there past the year 2000.

In an interview published today by the morning newspaper GRANMA, the former foreign minister called for compliance with the Torrijos- Carter Treaties of 1977, which establish that by noon on 31 December 1999, the last U.S. soldier should have cleared that territory.

Ortega affirmed that Panama's society has expressed concern over talks about negotiating the bases "while the United States has stated that it would not pay for staying in those installations."

This has changed the percentage of Panamanians who a few months ago spoke in favor of the negotiations, the legislator said.

With regard to talks aimed at letting the military installations stay, Ortega explained that the authorities are waiting to receive an economic report on the impact the closing of the bases will have on Panama.

He said: "It is very possible that this report will be ready in the next few days and its conclusions will determine what the subject of the bilateral talks could be but they could also mean that the negotiations will definitely not take place."

Ortega said that the Legislative Assembly wants to see an increase in the number of Panamanians in management posts in the canal administration because although 90 percent of the employees are Panamanians, "only 40 percent of the administrative posts are filled by us."

Ortega celebrated his recent visit to Cuba at the head of a Panamanian delegation.

A joint declaration signed with the National Assembly of the People's Government points out it is important that the Latin American and Central American parliaments and the Interparliamentarian Union maintain their rejection of the Helms-Burton bill.

That bill, which is being analyzed by a U.S. bicameral commission, establishes penalties on foreign enterprises doing business with Cuba.

Panama: Legislator Notes Stand on U.S. Military Bases

PA2202042996 Panama City EL PANAMA AMERICA in Spanish 20 Feb 96 p E8

[Report by Carlos Anel Cordero]

[FBIS Translated Text] Balbina Herrera, PRD [Democratic Revolutionary Party] legislator and former Legislative Assembly president, has said the Panamanian

Government and the PRD up to now do not have a position on the permanence of U.S. military bases in Panama after the year 2000.

This issue is not one that concerns the government and the PRD only. It is an issue that can hinder or benefit the entire country, and that is why thorough consultations must be made with all the sectors in the country.

Whoever says the PRD already has a position regarding the permanence of the U.S. bases in Panama after the year 2000 "is lying," the legislator has said.

She added that all the social classes and political tendencies are represented in the PRD, and that is why conflicting positions can arise regarding this decision.

It could be that Foreign Minister Gabriel Lewis Galindo has his own position regarding the permanence of the bases after the year 2000, but, she has recalled, the president of the Republic handles Panama's foreign policy, according to the National Constitution.

Panama: Illegal Aliens Use Country as 'Springboard'

PA2202120196 Panama City EL UNIVERSAL DE PANAMA in Spanish 19 Feb 96 p 20

[Report by Berta Burgos]

[FBIS Translated Text] The National Immigration and Naturalization Directorate is making the respective consultations to detect foreigners who use Panama as a stepping stone to go north and to the Caribbean. German Gil Sanchez, the director of this institution, said that illegal aliens use our country only as a "springboard" to go to other countries.

Gil pointed out that this is why the Immigration Directorate has created a joint program among several countries to do away with the this type of corruption, adding that "it is an effort to lower the high immigration indexes of such countries as the United States."

He also said that these illicit activities take place through the use of forged documents. On this issue, he added that citizens of our country frequently lose their passports, thus facilitating the forging of their respective documents. According to the government official, the passports are forged in countries such as Venezuela and Colombia, even though the forgers are not from these countries. Likewise, he underscored that there are no accurate figures on these activities, but that they are commonplace.

As for the prices of forged passports, he explained that depending on the number of visas they have, their cost will increase considerably. As a measure to eliminate these activities, the official said that the Immigration Directorate is linked to other countries' computer systems, thus allowing a better control on the issue.

Illegal alien smuggling is not punished, which worsens the situation given the lack of legal mechanisms to prevent this practice.

On another subject, Gil explained that Panama has expedited the issuance of visas, because our country, as an international service center, has a large inflow of foreign businessmen. "We are making an experiment to determine how criminals devoted to these actions will react," the Immigration director affirmed. In this regard, he mentioned that indefinite visas are being issued, mainly, for up to one year. [sentence as published]

However, he maintained that most immigrants who use this service do not intend to live in Panama for good. On the same issue, he added that large waves of immigrants are adversely affecting four or five countries, including Canada and the United States.

As for the case of the deported Indian citizens, they only wanted to use Panama as a stepping stone to go north. Gil added that most of them were sent back to Bombay, their place of origin.

Most illegal aliens in Panama are Asians, including Chinese and Indians.

In conclusion, he affirmed that the Immigration Directorate is making all sorts of efforts to detect the existing failures regarding the current smuggling of illegal aliens. [as published]

Argentina

Argentina: Senator on Regulating FBI's Activities

PY2102001196 Buenos Aires CLARIN in Spanish 19 Feb 96 p 19

[Article by Senate First Vice President Leopoldo Moreau, Radical Civic Union, UCR]

[FBIS Translated Text] President Carlos Menem and his government have again indulged in the frivolous style of overacting that has characterized our relations with the United States since Foreign Minister Guido Di Tella took over the ministry. The FBI's legitimate interest in investigating the IBM affair and the Argentine National Bank — I denounced the problem in Congress —has provoked the exaggerated attitude of authorizing this organization, which is in charge of counterespionage in its country, to install an office in our country.

Argentina has had international cooperation mechanisms for the investigation and repression of international crimes, such as drug trafficking and money laundering, among others, for a long time.

There are a dozen countries, such as Australia and France, with which we have that type of cooperation. It derives from international agreements.

Another Matter

The presence of the FBI in Argentina is another matter, because in the United States this organization is in charge of counterintelligence operations in addition to repressing federal crimes. Its field of action is not limited to criminal activities and it has a decisive role in institutional and police matters.

Foreign police delegations in Argentina today are simple offices attached to embassies without free access to official archives. They have access to information only thanks to the voluntary cooperation of local authorities, and their activities develop within the limits of bilateral or multilateral treaties that involve local police and cooperation territories.

The central point facing President Menem's personal decision to authorize the opening of an FBI office is that Argentina does not have the most minimum legislation regulating the activity of foreign investigative agencies in the country. In effect, we do not have any way to limit or regulate their activities.

Besides, we are conscious of the FBI role in the area of espionage and it is, therefore, clear that we should not accept any investigation without the previous knowledge of Argentine authorities, citizens, and institutions. These investigations will point essentially to political issues, but they will also include economic matters. Investigations might even work against the country's juridical security, because there is a risk of industrial espionage on agencies of companies from countries where the FBI cannot act freely. (Japan, the EU).

The Right Path Is Cooperation

The government should look after two essential aspects in the area of security.

One of those aspects involves the development of all adequate means to strengthen border cooperation, particularly with our Mercosur [Common Market of the South] partners. It is obvious that the development of new relations between our four countries, under the impetus of Mercosur's economic integration, will also prompt the development of new forms of crimes that we must confront together.

There is an immediate need to work on this front.

The second aspect involves the improvement of our security forces, beginning with provincial police departments, which in an inefficient way are today forced to get involved in activities that are not proper to them and for which — in most cases — they have not been prepared. The best example of the problem is obvious in Buenos Aires where the police, besides repressing crime, must fulfill judicial tasks and perform as prison guards (some 2,000 individuals are currently being held under arrest at crowded Buenos Aires police stations).

Therefore the right path is cooperation, yes; frivolity, overacting, and freedom of action for foreign intelligence departments, no.

Argentina: Former IBM Official Testifies Before Judge

PY2102183096 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1113 GMT 21 Feb 96

[FBIS Translated Text] Buenos Aires, 21 Feb (NA) — Federal Judge Adolfo Bagnasco, who is investigating fraud and bribery charges, has announced that former IBM Argentina company chairman Ricardo Martorana has admitted that he participated in "some" parts of the negotiations on a contract between the IBM Argentina company and the Argentine National Bank [BNA] for the so-called "Centenario Project."

The judge said yesterday: "He admitted that he participated in the contract with the BNA. Not in all parts of the contract, but in the area under his jurisdiction, involving supervisory duties."

Martorana also distanced himself somewhat from the bribes that the U.S. company allegedly paid to the BNA to secure the bank's computerization.

Testifying before Judge Bagnasco yesterday, the former IBM Argentina company chairman emphasized that, while he presided over the company, he was not involved in fixing the contract's price.

The judge described Martorana's deposition as "very important," as "he supplied much information, and did so willingly."

The testimony of the former U.S. company chairman began at 0900 and lasted until 2000 yesterday. Moreover, Martorana's testimony will continue today, as "we still have to pose many questions."

During a news conference at his office, the judge said: "Martorana outlined his responsibilities in the company when the contract with the BNA was negotiated. He supplied much information. Nevertheless, as he will continue to testify on 22 February, I cannot supply more information."

The judge also announced that former BNA President Aldo Dadone would be summoned to testify sometime next week.

The judge also noted that, depending on the U.S. Justice Department's approval, he might go to the United States to question six IBM officers there who could supply information on this case. If he is unable to go to the United States, Bagnasco will attempt to have the six U.S. company officers come to Argentina.

Argentina: Di Tella, Chile's Insulza Hold News Conference

PY1702000696 Buenos Aires TELAM in Spanish 0013 GMT 16 Feb 96

[FBIS Translated Text] Buenos Aires, 15 Feb (TELAM) — Argentine Foreign Minister Guido Di Tella held a news conference together with his Chilean counterpart Jose Miguel Insulza. During this news conference, Di Tella announced that the negotiations for Chile's integration into a Mercosur [Common Market of the South] free trade zone will be completed before the end of March.

Minister Insulza, in turn, acknowledged that his country will continue negotiating "stable agreements" with the NAFTA and the EU, adding, however, that "Chile's union with South America is a strategic alliance."

Insulza announced that talks between Chile and the Mercosur will be resumed in Buenos Aires on 29 February. He added: "We are very optimistic because we have agreed on the customs tariffs for 88 percent of the items. The remaining 12 percent will be included in the list of exceptions, and the draft agreement is almost ready. Thus, we believe that there will be no setbacks."

Insulza explained that as free trade zones come into being, "customs tariffs are eliminated immediately for certain products, while for others it is a more gradual process. Thus, at future meetings we will try to make further progress to reduce the list of exceptions and set deadlines for the elimination of these exceptions over the coming years."

Minister Di Tella stated: "We want to expedite the talks so as to reach an agreement before President Frei's visit to Argentina" scheduled for 25 through 27 April 1996. He added: "Argentina's relations with Chile are excellent. This is not a coincidence, but the result of Argentina's foreign policy, because the Southern Cone will not be completely united without Chile."

The two foreign ministers explained that on 15 February they discussed the agenda for the meeting that Presidents Frei and Menem will hold in April, adding that they had not tackled the continental glaciers issue, the only remaining border dispute between the two countries. They said: "The two governments have agreed on the matter, and it is now up to the congresses of the two countries."

Di Tella explained that the draft bill on employment of foreign citizens "is intended to curtail tax evasion by businessmen who pay black market wages, not to hurt the immigrants."

The two foreign ministers also said that they had discussed physical integration programs, and Di Tella stressed that the "talks were positive."

Minister Insulza arrived in Buenos Aires from Paraguay, as part of a tour through Mercosur countries intended, he said, "to expedite integration talks."

Insulza had a lengthy working meeting with his counterpart Di Tella; Argentine Deputy Foreign Minister Fernando Petrella; and Juan Jose Uranga, Argentine under secretary for Latin American affairs. Chilean Ambassador Eduardo Ro[illegible]uez Guarachi, Argentine Ambassador to Chile Pedro Iglesias, and officials of both foreign ministries also attended the meeting.

After the news conference was over, the visiting foreign minister went to the Olivos Presidential Residence to convey the greetings of Chilean President Frei to his Argentine counterpart Carlos Menem. Insulza also attended a banquet hosted by Minister Di Tella in the evening.

During the news conference, Minister Insulza denied that there is dissatisfaction over the arrest of an individual involved in the murder of former Chilean Army Commander Carlos Prats. He said that his government is prepared to cooperate with the Argentine courts.

Insulza said: "Media reports are not accurate. No dissatisfaction has been expressed. We are pleased with the results of the investigation into this despicable murder, and we are prepared to cooperate to the extent necessary."

Answering questions on this issue during the news conference that he held at the Foreign Ministry together with his Argentine counterpart, the Chilean minister made it very clear that "the two governments fully agree on the issue" and that "it is not a source of concern" for bilateral relations.

Minister Di Tella categorically refuted the presumption that the Argentine Government's investigation into the murder of the Chilean officer in Buenos Aires in 1974 is prompted by political reasons.

He said: "The presumption that the Argentine Government's investigation may be prompted by vested interests is offensive. This is a court matter and the Chilean Government has been duly informed, but I categorically reject the presumption that there may be ulterior motives."

Argentina: Chilean Foreign Minister on Bilateral Ties

PY2002230396 Buenos Aires CLARIN in Spanish 16 Feb 96 p 11

["Summary" of "exclusive" interview with Chilean Foreign Minister Jose Miguel Insulza by Oscar Raul Cardoso in Buenos Aires on 15 February]

[FBIS Translated Text] [Cardoso] Did the reopening of the Prats case have a negative impact on bilateral relations?

[Insulza] Sincerely, and I am not hiding anything from you, I do not believe the Prats case could cause any political problems in Chilean-Argentine relations. Chile is as interested as Argentina is in resolving that death. It cannot hurt anyone's feelings.

[Cardoso] Does the delicate Chilean domestic problem of Augusto Pinochet's succession in the post of Army commander in chief, which has already been raised, and the constitutional restriction to the presidential power of appointing military commanders cause any irritation?

[Insulza] That might happen. Nevertheless, it would also be a problem concerning Chile alone that cannot represent an onus for Chilean-Argentine relations.

[Cardoso] Nevertheless, don't you believe Chilean-Argentine relations are going through a troubled period, at least politically?

[Insulza] Yes, indeed. They are going through a troubled period, but for other reasons. There is some sensitivity in our ties that I would describe as circumstantial. The core of the problem lies in the unsettled border issues — the Continental Glaciers and Laguna del Desierto — and not in court investigations.

Territorial problems have been present in our bilateral relations since about 1850, for our countries that share the world's second longest border. The fact that our countries have been able to resolve these problems at such a low cost, as far as conflict and bloodshed are concerned, is actually amazing. In this regard, we are an example for the rest.

Some problems are pending and chauvinists cling to them as there is nothing else left for them. Even though these are petty disagreements, especially if they are compared with the conflict over the Beagle Channel, for example, it is possible to raise some patriotic fervor with them. I will not deny that the ruling on the Laguna del Desierto issue has hurt some feelings in Chile. Nevertheless, I am convinced that the only problem that is still pending (the Continental Glaciers) will also be resolved reasonably.

Active Congresses

[Cardoso] Has the settlement of the Continental Glaciers issue been unnecessarily delayed in the two countries? What is Chile waiting for to comply with its part of the settlement?

[Insulza] Chile is waiting for the congresses of the two nations to ratify the negotiated agreement, which, in my opinion, is good for the two sides. I believe the two Congresses have to take action simultaneously.

[Cardoso] Do you believe the two Congresses could take action in 1996?

[Insulza] Using my own experience, I know it is not good to talk about deadlines. I actually can say I hope it will be soon as, otherwise, there is a risk that feelings will continue to be hurt.

[Cardoso] Argentine diplomacy argues about the existence of a "reluctance" by congressmen. Is there a similar contention in the Chilean Congress?

[Insulza] I do not want to pass a final judgment on this issue, nor express any prejudice toward Congress. Nevertheless, I believe there actually is some reluctance, especially in the Senate.

[Cardoso] Isn't there an imbalance in the development of Argentine-Chilean bilateral relations? Aren't economic ties more solid, and political ties more sensitive?

[Insulza] Yes, indeed. I believe those involved in politics here and there frequently do not realize the level of economic interrelationship between the two countries. Relations between two countries become increasingly stable as they increase economically, culturally, and so on. I do not want to talk about funds alone. Nowadays, there are so many people involved in our bilateral relations that it is much more difficult to consider a destabilization of our ties for political reasons alone. Policymakers frequently continue to consider old schemes when Argentina and Chile shared a long border, full of potential foci of tension. At that time, Chile basically exported copper to other markets and did not purchase — as it was self-sufficient — agricultural products from Argentina. Nowadays, there are mutual investments and large-scale projects. Things have changed.

[Cardoso] Tokens are important. Will President Frei visit Argentina in April?

[Insulza] I believe so. He will be accompanied by a prominent entourage, made up of official, private, and cultural personalities. The agenda has been drawn up and the dates have been announced. The president will visit Argentina.

Argentina: Cabinet Chief Bauza Interviewed

PY2002011096 Buenos Aires CLARIN in Spanish 11 Feb 96 p 10

[Interview with Argentine Cabinet Chief Eduardo Bauza by Ricardo Kirschbaum and Julio Blanck; place and date not given]

[FBIS Translated Text] [CLARIN] Does it bother you when people say that you do not have any power of your own, that all the power you have derives from President Carlos Menem?

[Bauza] It does not bother me at all because it is true.

[CLARIN] What is needed to become Menem's cabinet chief?

[Bauza] A cabinet chief must accept who the boss is and avoid disputing the power of the president. He must work to maintain the best possible relations with other ministers and with Congress. It is the only way to have a functioning government.

[CLARIN] Does anyone in the government have his own power, beyond the power Menem delegates to him?

[Bauza] No one has any power of his own beyond the power delegated to him by the president. Not even the chief of cabinet or ministers have any power of their own.

[CLARIN] But people have the impression that Economy Minister Domingo Cavallo has power independent of that bestowed on him by the president.

[Bauza] I would say that, more than a minister with power, he is a minister with prestige. Prestige gives a person reliability.

[CLARIN] Should we absolutely rule out any project or attempt to reelect Menem?

[Bauza] Yes, we must entirely rule out any reelection attempt. I think some people are trying to raise alternatives that are totally unviable. They do it mainly to be heard in the press. The reality and conviction of those of us closer to the president is that reelection is not possible.

[CLARIN] Another argument that has been presented as indisputable is that Menem's power will end the moment another person appears as his successor to run for president in 1999.

[Bauza] Menem's power will not come to an end. Menem's power will last because we are doing a good job. Besides, any Justicialist Party candidate will benefit if we perform well, and in this case it will be very difficult for him to attack the president. I think the president will continue to wield the same power and will be the person to consult after he leaves the presidential office.

[CLARIN] Is power inherited?

[Bauza] No, power cannot be inherited. Power is built and maintained with respect, affection, and people's consideration.

[CLARIN] Eduardo Duhalde, then, will not be able to inherit the president's power...

[Bauza] No one will inherit Menem's power, just as Menem did not inherit Peron's power...Duhalde has his own power. Besides, he is an excellent leader.

[CLARIN] Is Duhalde's power enough to become president?

[Bauza] I do not know whether it will or will not be enough. The ballot boxes will determine that...

[CLARIN] You have already said that Duhalde will be your candidate for 1999.

[Bauza] Yes, in effect. But that is my personal opinion. I am a friend of Duhalde. His loyalty has been tested many times and I think he might be one of the most interesting presidential candidates for the Justicialist Party.

[CLARIN] Is it true that Menem cannot do without two persons, you and Cavallo?

[Bauza] I am not indispensable. I could be replaced by any other leader with the capacity to coordinate government efforts and dialogue with the opposition. I am a man of democracy and freedom, a man who has suffered persecution and imprisonment. I always bet on dialogue, because those who disagree can also help build the Republic.

[CLARIN] Do you feel more comfortable when you talk with Cavallo or with [Interior Minister] Carlos Corach?.

[Bauza] I talk with both about different things and I feel comfortable with both. I think more like Corach because we have the same political background. But I am absolutely frank with Cavallo, Corach, and other officials.

[CLARIN] That is difficult to believe.

[Bauza] It might be difficult to believe, but it is the truth.

[CLARIN] When people mention the administration's economic achievements they think about Cavallo, and when they talk about political achievements they think of you. Is it really like that?

[Bauza] That is true. I think it is important for both of us to maintain good relations, just as we have so far.

[CLARIN] Cavallo, however, says that every time there is a problem in the economy politicians are to blame.

[Bauza] I think he directly and vehemently defends his positions, but sometimes the time for debates in Congress is not in accordance with the urgency with which the Economy Ministry presents its proposals. But Congress has always acted well and it has voted on all our bills. I think Cavallo today maintains much better relations with Congress.

[CLARIN] What comes first for you: the economy or politics?

[Bauza] Politics, without a doubt.

[CLARIN] Why do you think Cavallo thinks just the opposite, that the economy comes before politics.

[Bauza] I do not think he maintains the opposite. He places all his enthusiasm, faith, and strength in his knowledge and works to carry things through. I do not believe in antagonism between politics and economy. Both things complement each other. Both things have to build the same road, just as they have been doing so far.

[CLARIN] Some months ago, Cavallo would become angry whenever somebody said the economy minister was a top-notch technocrat. He now seems to have better adjusted to the role of technocrat. To what do you attribute Cavallo's change of attitude?

[Bauza] All of us who hold a public office gain experience as we discharge our duties in our official capacity. This makes us change our attitude. Cavallo is not the only one who has changed — politicians have also become more economy-oriented.

[CLARIN] Over the last few years, has it been more difficult to deal with Cavallo or with the Radicals?

[Bauza] With the Radicals, of course. Cavallo is part of the incumbent administration.

[CLARIN] Nevertheless, the Menem administration has managed to get what it wanted from the Radicals. The same does not hold true in the case of Cavallo ...

[Bauza] We have not gotten everything we wanted from the Radicals. In fact, apart from the Olivos Pact, we have not got anything in the least because the Radical Civic Union [UCR] has not supported us in Congress. We have been able to count on the support of provincial and other political parties in Congress, but we have never won the UCR over.

[CLARIN] What has been the most difficult thing to learn while being in office for six years?

[Bauza] To listen to others. I think that the most difficult thing to learn for politicians who hold public positions is to listen to others. This is a country in which people talk all the time, but very few are actually good listeners.

[CLARIN] What difference is there between the actual exercise of power and what you imagined power would be?

[Bauza] Most politicians try to acquire skill in oratory, and yet, when one becomes a government official, one realizes that things are not settled thanks to one's powers of oration but rather to the efficiency with which one manages public affairs. Words are useless in this endeavor — what matters is to put in many hours of hard work.

[CLARIN] Corruption — embezzlement while in office — is a subject that is very closely linked to power. What is your experience with that?

[Bauza] Corruption is one of the incumbent administration's ever-pressing concerns. I think that this administration has done away with niches of corruption through privatizations, decentralization, the federalization of funds, and the breakup of monopolies. This administration has taken various measures to combat corruption.

[CLARIN] Do you think the public perceives that the Menem administration is fighting against corruption, as you say?

[Bauza] Above and beyond some comments that are the expression of vested interests, I think that the public does perceive that the Menem administration is fighting corruption. Had the incumbent administration been bad and had it failed to earn the confidence of the people, it would never have won five elections in a row.

[CLARIN] What are your relations with businessmen like?

[Bauza] Good. They are not free of problems, but they are friendly. A government works well when it tries to harmonize all the different interests at play in society. Each one defends one's own interests and the government must try to harmonize them.

[CLARIN] Why does the president always ask you to demand the resignation of government officials?

[Bauza] It must be because he does not like to order it ... It is really a very painful situation. Normally, one cements relations of friendship within the government and when one has to ask an official to resign, one really feels pretty awful.

[CLARIN] Have you ever thought that you would have to ask [Environment Secretary] Maria Julia Alsogaray to resign?

[Bauza] Not yet... But I never turn my thoughts to the resignation I am going to request, because that is the president's prerogative.

[CLARIN] What is your opinion of [former Peronist Senator] Jose Octavio Bordon?

[Bauza] Suffice to say that he has changed his political affiliation on five occasions.

[CLARIN] How about [former Interior Minister] Jose Luis Manzano?

[Bauza] He was part of a stage in this administration.

[CLARIN] [Former Labor Minister] Roberto Dromi?

[Bauza] A very intelligent person, but without experience in the political arena. He made mistakes in communicating.

[CLARIN] [Former President] Raul Alfonsin?

[Bauza] A man who has contributed toward democracy and whom I respect and admire.

[CLARIN] [Former minister under Alfonsin] Enrique Nosiglia?

[Bauza] A leader who gave coherence to the UCR and who is no longer taking any part in politics.

[CLARIN] [UCR President] Rodolfo Terragno?

[Bauza] He has imparted fresh and much-needed impetus to the UCR.

[CLARIN] Alberto Kohan [secretary general of the Presidency]?

[Bauza] We have been friends for 20 years and now work side by side for the president of the Republic.

[CLARIN] [Former Tucuman Governor] Palito Ortega?

[Bauza] It was an interesting experience. If he decides to devote his life to politics, he will do important things for our country.

Argentina: Cavallo on Mafias' Attempt To Destroy Image

PY2102201296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1136 GMT 21 Feb 96

[FBIS Translated Excerpt] Buenos Aires, 21 Feb (NA) — In rejecting accusations of alleged undue use of discretionary funds laid against him, Economy Minister Domingo Cavallo said that the "mafias" that operate in Argentina have orchestrated a "campaign to destroy" his public image.

"I have mentioned the name of former Radical Civic Union Deputy (Enrique) Benedetti, whom once I called the battering ram of the mafia, as well as attorney (Pablo) Argibay Molina, who works for businessman Alfredo Yabran," said the economy minister, alluding to the persons against whom he is leveling charges.

Cavallo alerted that by trying to besmirch government officials' reputations, those groups also intend to "destroy Argentina."

In addition, the head of the Economy Ministry made it clear that he had never sought a prior restraint on the program "D-Day," which is broadcast by America Television on Sunday. He stressed that "not even the district attorney intervening in the case did so."

Cavallo added: "The prior restraint was a hypothesis that Judge (Gabriel) Cavallo was considering, but he himself decided against it."

The minister in charge of the economy portfolio emphasized that every day, he works "from dawn till dusk to solve problems facing the provinces, unemployment, and to improve health care, education, and the administration of justice." He regretted that "nobody ever asks about those subjects."

Commenting on his case in particular and the charges against him that were made public, Cavallo contended that "this is the way mafias operate."

The minister argued that "I imagine that just as Benedetti got hold of illegal recordings of a conversation between District Attorney Quantin and another district attorney, he likewise managed to obtain my income tax return from the dossier [of the case involving Cavallo's alleged unjust enrichment]. I do not know whether he stole it or by what means he obtained my tax return." [passage omitted]

Argentina: Bordon Resigns Congress, Party Leadership

PY1702013196 Buenos Aires TELAM in Spanish 2236 GMT 15 Feb 96

[FBIS Translated Text] Buenos Aires, 15 Feb (TELAM) — National Senator Jose Octavio Bordon today announced his decision to resign from his seat in Congress and the leadership of his party, PAIS [Open Politics for Social Integration], to return to the rank-and-file level and start a new phase of struggle and work.

During a surprise news conference at the Congress building, accompanied by leaders of his party, Bordon said: "I do not want to occupy any post or enjoy any privilege as I face a new phase of struggle and work."

Thus, only five days after formally splitting away from the Frepaso [Front for a Country in Solidarity], the former presidential candidate of the alliance, through his resignation, once again shook the opposition arena, particularly the PAIS political structure.

"I have also decided to step down as PAIS chairman so that the debate on how to handle that broader space that some may have misunderstood can be more thorough."

The outgoing senator was accompanied by the main PAIS leaders, among them Gerardo Conte Grand, Juan Carlos Olima, Pedro de Piero, national Deputy Juan Gonzalez Gaviola, and numerous provincial leaders.

The presence of "rebel" Bordonist Deputy Nilda Garre prompted those present to comment and engendered expectation among the journalists, to whom she refused to make any comments.

Before the news conference, Bordon had been meeting with PAIS leaders at his home. Bordon, together with those he met, drafted the document he gave the media.

In the corridors of the Congress building, Bordon supporters had already warned the media about the senator's "possible" resignation from his seat in Congress and from the PAIS leadership, a fact that became obvious by the repressed tears of many of the outgoing legislators awaiting his arrival.

Bordon said: "I have contributed to building an alternative to recover the hope of the Argentine people who desire a country where work and honesty in public administration will once again prevail."

He added: "This process must continue and I will occupy the place society gives me to contribute to its consolidation so that, in a mature way, we may show that a fairer Argentina is feasible."

Bordon praised the "youths who, rejecting a simplistic attitude, believe that ideals are feasible and are not negotiable," and maintained: "The social and cultural crisis generated by the Menemist model prompts the need for unusual ideas and attempts that may not be fully understood."

He admitted "having made procedural mistakes" and announced that "I am going to ponder about them." He said that is the reason why he is returning to "the rank-and-file level, together with the people, as just another simple citizen, because I still believe that democratic politics is the only feasible tool to improve the peoples' living standards."

He ended by stating: "I know that I am being watched and I want to be able to continue looking people in the eye in each town, on every street, and in every place where we will continue working."

The former Mendoza legislator asked the journalists not to ask any questions and, "for the time being," only reproduce the contents of the document he read amid applause and an ovation from his supporters.

In the midst of embraces and tears shed by some supporters, Bordon left the Senate, to which he belonged since December 1992. He would have remained in Congress until the year 2001.

As Bordon left, Conte Grand tried to dodge journalists who were approaching him: "The senator has already said everything there is to be said; there is nothing more to say," the leader responded each time he was asked a question.

On the faces of Bordon's supporters one could see their satisfaction over his decision, although they all commented on his "courage and good intentions" in "having risked everything in these circumstances."

Carlos Campolongo, his former press secretary, told TELAM that "PAIS remains strongly united, and a new party leader will emerge from an open debate, as the senator has stated."

Embraced by Conte Grand and Del Piero, Bordon entered his office while a provincial leader commented: "I hope this will be the beginning of a new story."

Argentina: Meneghini Senator for Santiago del Estero

PY1902175796 Buenos Aires TELAM in Spanish 1117 GMT 15 Feb 96

[FBIS Translated Excerpt] Buenos Aires, 15 Feb (TELAM) — After a lengthy debate on 14 February, the Argentine Senate approved the appointment of Javier Meneghini, of the Radical Civic Union [UCR], as the third senator for Santiago del Estero Province.

The majority vote of Justicialist Party and UCR senators finally allowed Meneghini to take the oath of office, although he lacked the appropriate credentials because the Santiago del Estero provincial legislature had nominated Virgilio Castiglione, of the Integration and Development Movement [MID].

The Constitutional Affairs Committee, presided over by Justicialist Jorge Yoma, rejected Castiglione's credentials and accepted Meneghini as the true representative of the minority.

The provincial legislature of Santiago del Estero is made up of 30 Justicialists, nine representatives of the UCR, five representatives of the MID, and one representative of the Front for a Country in Solidarity, but this proportion had not been taken into account for the nomination of Calstiglione. [passage omitted]

Argentina: Student Demonstrations, Arrests in La Plata

PY2102190896 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1558 GMT 21 Feb 96

[FBIS Translated Excerpt] La Plata, 21 Feb (NA) — A new student demonstration, with the support of several organizations from different sectors, will take place this afternoon to repudiate the police action during the protest that took place last night, after which 12 people still remain under arrest.

It was reported today, at noon, that those who will participate in the march, which will include members from several social, political, labor union, and student organizations, will gather at 1400 at Italia Square and then they will march down 7th Street to the provincial government house.

"Besides, we will summon a meeting at 1800 in the School of Economics in the Federal Capital to discuss, together with other social and political organizations, the possibility of organizing a larger demonstration," members of the Buenos Aires University Federation told NOTICIAS ARGENTINAS.

Meanwhile, the cameraman who was shot by the police late in the afternoon yesterday is recovering in a La Plata hospital after having undergone surgery to extract six rubber bullets.

Buenos Aires Governor Eduardo Duhalde categorically denounced the fact that "radical groups are seeking a martyr," although he immediately added that "no one can justify the excesses," and he announced that all the events that took place the day before will be thoroughly investigated.

Buenos Aires Police Chief Pedro Klodczyk admitted that the police overstepped their orders during the deployment of policemen to stop the student demonstration, and he announced that an investigation into the case has already begun.

Provincial Security Secretary Alberto Piotti asserted that the policemen found to be responsible for the acts of aggression against reporters and civilians during the student march "will be sanctioned," and he invited victims involved to file their complaints before court.

This morning, police sources indicated that most of the 237 students detained to investigate their records were freed late last night and today at dawn, but 12 young men are still under arrest.

Ten young men and a woman were charged by Judge Guillermo Labombarda for "attacking and resisting the authorities, for having caused serious property damage and battery."

Judge Manuel Blanco pressed charges against the remaining youth, identified as Jose Alfredo Caputo, because the police found that he had a "Molotov cocktail," which is considered a weapon of war, a crime that can be punished with up to five years imprisonment. [passage omitted]

Argentina: Airlines Granted Regional Franchises

PY1902180096 Buenos Aires TELAM in Spanish 0154 GMT 14 Feb 96

[FBIS Translated Text] Buenos Aires, 13 Feb (TELAM) — The Argentine Economy Ministry has granted franchises to Argentine Private Airlines Inc. (LAPA S.A.) [Lineas Aereas Privadas Argentinas] and to Southern Skies Inc. (Austral) [Cielos del Sur S.A.] allowing them to operate regular passenger, freight, and mail air services to and from Argentina and Brazil. The official gazette published the respective regulations Nos. 256 and 263 on 13 February.

Lapa has obtained a 15-year franchise to service the Buenos Aires-Porto Alegre-Florianopolis-Rio de Janeiro route with the right to rearrange or omit stopovers.

Austral also obtained a 15-year franchise to service the Buenos Aires-Rosario-Cordoba-Florianopolis route, and the Buenos Aires- Posadas-Sao Paulo route.

The two companies must begin their flights within 180 days and provide a detailed monthly report of their transportation activities to the National Directorate of Aerocommercial Transportation.

Bolivia

Bolivia: Foreign Minister Outlines Policy Targets

PY2002164196 Cochabamba LOS TIEMPOS in Spanish 8 Feb 96 pp A1, A3

[FBIS Translated Text] La Paz, 7 Feb — Foreign Minister Antonio Aranibar Quiroga on 7 February stated that despite all efforts, U.S.-Bolivian relations are too "bogged down" in the drug issue.

This opinion is also stated in the "Plan of Operations for 1996" that the Bolivian Foreign Ministry recently made available to organizations and news media.

According to this document, in the eyes of the United States Bolivia's importance and strategic role in recent years has been overshadowed by the struggle against narcotics which the U.S. Government has labeled as a threat to national security.

Quiroga said: "Rather than moving toward a less narcotics- related slant, our relations with the United States have been particularly tinged by this issue."

Now that Bolivia has fulfilled excess coca eradication targets, signed a new extradition treaty, and the two government are tackling other controversial issues, matters like alternative development can acquire a new dimension, and may be approached in a less lopsided manner during this fiscal year.

The foreign minister stated that as far as bilateral relations with Chile are concerned, significant progress has been made toward the solution of certain specific pending matters, mostly related to the piling up of mineral concentrates at the port of Arica. He said that this problem was resolved in 1995.

Aranibar Quiroga feels that Bolivia's foreign policy toward Chile should be an overall one, meaning that economic and political objectives must go hand in hand.

The cropping up of new binational issues indicates that Bolivia's policy toward Chile should seek to reconcile the bid for a sea outlet with current international, regional and local economic trends. That is, it must display the ability of reconciling short- term interests and the long-term strategy aimed at improving Bolivia's economic and political status in the world.

The official position of the Bolivian Foreign Ministry is that all issues on the bilateral agenda with Chile should be dealt with within the framework of the Political Consultation Mechanism at the level of deputy foreign ministers, which has become the proper forum for dealing with bilateral affairs.

During the previous fiscal year, this forum tackled a number of issues such as animal and plant health, scientific and technical cooperation, tourism, investment and export promotion, physical integration, and the use of ports.

The Bolivian Foreign Ministry reported that a lot of work was done within this framework on a system of free transit for Bolivia which led to the solution of several problems that Bolivian freight encountered in Chilean ports.

The Foreign Ministry also reported that the seven main objectives established in the "Plan of Operations for 1995" for the current administration are still top priority, in addition to "inter-ocean export corridors" and "watersheds."

The two latter specific issues are part of the process of integration, and of the master policy that President Gonzalo Sanchez de Lozada's administration has decided to implement during its term in office.

The other seven foreign policy objectives are: 1) Neighborhood policy: Bolivia, the country of contact; 2) regional integration; 3) policy toward the United States; 4) policy toward Chile and the recovery of the sea outlet; 5) geographical breakdown of Bolivia's foreign relations; 6) new issues on the international agenda; and 7) active participation in multilateral forums.

Bolivia: Proposal for 'Congressional Withdrawal' Opposed

PY1602174396 Madrid EFE in Spanish 0002 GMT 16 Feb 96

[FBIS Translated Text] La Paz, 15 Feb (EFE) — The Bolivian Chamber of Deputies plunged into one of the worst arguments since the corruption scandal erupted when Nationalist Revolutionary Movement (MNR) Deputy Edil Sandoval proposed a congressional "withdrawal" leaving in place only a congressional committee until the legislative branch could be renewed.

Sandoval justified the proposal — which was rejected by both opposition and ruling party lawmakers — saying Congress is immersed in an institutional crisis unleashed by the lower chamber's improper decision to grant leave to 22 deputies involved in the "salary differential" affair.

Some of these deputies were granted leave while others resigned altogether under public pressure to have them tried for allegedly forging documents to illegally increase their salaries.

Seeking to explain his proposal, Sandoval said: "We cannot afford to serve our full term in office under these circumstances," adding that parties are waging "a dirty war" over this issue.

Sandoval's proposal was immediately rejected by both opposition and ruling party deputies who called it foolish, unconstitutional, and even "seditious."

Carlos Saavedra, Movement of the Revolutionary Left (MIR) executive secretary, and MIR congressional bloc leader Hugo Carvajal, said the proposal was unconstitutional and that its unstated purpose was to pave the way for an extension of the president's term in office, and possibly President Gonzalo Sanchez de Lozada's reelection.

Deputy Carvajal claimed the proposal for a congressional withdrawal implied a virtual congressional shutdown at the very time when the legislative branch should be approving laws that are essential for the country.

Erwin Saucedo, Free Bolivia Movement (MBL) congressional bloc leader, said Sandoval's proposal was "offensive and foolish" and agreed with the MIR that this is not the time to be suggesting that congressional activities be reduced to a mere committee.

He emphasized that the MBL will not forsake its drive against corruption "regardless of its source," and recalled that the Chamber of Deputies began "cleansing the image of Congress" after being tarnished by the "salary differential" scandal, and that it must persevere in this endeavor.

Nationalist Democratic Action (ADN) Deputy Guido Camacho, harshly labeled Sandoval's proposal as an "attempt at sedition" because its objective was not merely to reduce the term in office of the current legislature, but of the chief executive as well.

Bolivia: Congressional Salary Case Causing 'Unrest'

PY1902171996 La Paz PRESENCIA in Spanish 10 Feb 96 p 3

[Editorial: "Congressional Immunity"]

[FBIS Translated Text] The Chamber of Deputies' latest resolution regarding the salary differential case, which transfers to the Comptroller General's Office the duty to investigate this scandal, has caused profound unrest among the Bolivian citizens who expected to see those being investigated suspended and stripped of their congressional immunity so that, without any such privilege, they could be taken before common courts.

As a matter of fact, the decision to extend the investigation period seems to have no justification because the special deputies' committee had already issued a report with conclusions after having exhaustively analyzed all the documents that list the number of years of public service of their colleagues who unduly benefited from the salary differential.

There have been frustrated attempts to maintain secrecy with regard to the contents of that report, which has been duly published, but it clearly reveals that the corrupt congressmen are guilty enough to be suspended and lose their privileges.

The majority of the deputies, however, chose to force the Comptroller General's Office to conduct a second investigation, thus insinuating that the report by the members of the committee has no value. That report had been praised inside and outside Congress for its seriousness, impartiality, timeliness, and openness.

Representatives of the government-supporting parties, and of the opposition, attribute this unexpected decision to a new pact of silence among three parties that are stained by the salary differential scandal and seek to thus protect their deputies who are under suspicion. These three parties forget, however, that this decision entirely distorts the concept of congressional immunity and creates a regime of open impunity in Congress.

The aforementioned representatives also pointed out that from the legal viewpoint, this investigation should not be sent to the Comptroller General's Office because the decision to ask any other government institution to investigate congressmen contradicts the constitutional principle establishing that "no senator or deputy — from the day of election until the end of his or her mandate, without exception — can be charged, persecuted, or arrested under any circumstances, unless the congressional house he or she belongs to grants special permission. This permission must be granted by two-thirds of the congressmen voting."

According to the report by the Chamber of Deputies' committee, no matter which viewpoint is adopted to analyze the salary differential scandal, the congressmen involved should have been suspended and their case should have been transferred to the common courts, because the charges refer to a common crime. Only thus can these congressmen defend themselves, like any other citizen.

A distorted manipulation of the laws in order to detect alleged corruption inside Congress will not do any good to the legislative branch, the prestige and credibility of which have been been tremendously affected.

Bolivia: Unions Denounce Handling of Salary Case

PY1902173996 La Paz PRESENCIA in Spanish 10 Feb 96 p 6

[FBIS Translated Text] The La Paz Newspaper Workers Union (STPLP) has denounced the fact that the new congressional majority has once again worked hard to preserve congressional immunity and give guarantees and good-conduct certificates to corrupt congressmen.

In a communique released on 9 February, the STPLP asserted that the new congressional majority once again united to rob the government, while a common citizen "has to pay for the smallest transgression and has to pay fines, be punished, even arrested, if he or she commits any irregularity."

The STPLP insists that if, on the contrary, it is a congressman who robs the government, various arguments are used to exempt him or her from blame, the law is violated to protect them, and journalists are held responsible for discredit bestowed upon the "honorable Congress."

Oscar Salas, executive secretary of the Bolivian Labor Federation, has also condemned the decision adopted by the Chamber of Deputies of not suspending the honorable congressmen involved in the "salary differential" case.

"This is a shame for the country. It not only has had repercussions at the national level, but also internationally, because it was reported by several radio stations," Salas said. He expressed regret at the congressmen's loss of moral conditions to legislate and sanction laws because, as a result of the crimes they perpetrated, they have automatically lost their congressional privileges.

Bolivia's Second Congress of Retired Workers and Stockholders has approved a resolution in which it condemns the corrupt acts perpetrated by some congressmen who forged their personal documents in order to benefit from an increase in their salaries.

This institution has been calling for drastic punishment, such as loss of congressional privileges and even expulsion, of the bad deputies, who must then be tried and jailed, in accordance with penal regulations.

Members of the Retired Workers and Stockholders Congress asserted that the country has been shocked at the Chamber of Deputies' efforts to conceal the acts of the corrupt congressmen, thus granting them immunity and protection.

The Departmental Federation of La Paz Urban Teachers has expressed regret at the fact that the laws and courts punish only the destitute people, while protecting the politicians' immorality and theft.

The urban teachers have asserted that a teacher earns per month what a congressman earns per day. "If the congressmen have legalized their right to steal, we — the ones who are exploited by them — must impose our right to eat at least the products of the basic food basket."

Bolivia: Editorial on Congress' Approach to Corruption

PY1602172196 Cochabamba LOS TIEMPOS in Spanish 11 Feb 96 p A10

[Editorial: "Salary Differentials Should Be Reviewed"]

[FBIS Translated Text] The Chamber of Deputies has improperly sought refuge under Article 52 of the Constitution, under which lawmakers may not be charged, harassed, or arrested "unless two thirds of the chamber to which they belong approve." Through an unorthodox maneuver the Chamber of Deputies has forestalled the legal actions which should have been taken against those deputies who may have used forged or adulterated papers to illegally profit at the expense of the meager revenues of the National Treasury. The ensuing despicable scandal is a harsh blow for Bolivia's democratic system. It is also the result of a distorted interpretation of a right that workers in general and public servants in particular have in lieu of impartial recognition for their years of service. This mechanism cannot apply to the salaries of senators, deputies, or councilmen because their emoluments are fixed amounts that the state pays those who represent the people. All lawmakers should be paid the same fixed amount, as opposed to the way it has been done in recent years at the expense of the taxpayers.

The congressional leadership must review the payment of salary differentials because a regulation that goes against prevailing laws and paves the way for fraud can hardly be considered an acquired right.

It is quite possible that many of the people involved in the salary differential scam based on the use of forged documents may be able to prove their innocence, as has already happened in some cases. Since, however, there are indications that some deputies may be guilty of crimes provided for in the penal code, those involved in this affair which has harmed the Treasury and the nation as a whole should be stripped of their immunity.

The attempt to ignore the extremely serious maneuvers discovered in the Chamber of Deputies, and the subsequent handing over of the case to the Attorney General's Office, undermines the prestige of the legislative branch and leads one to believe Congress should be shut down and new elections held, as certain organizations and a deputy, have suggested. There would be no need, however, to go to such extremes if the improper approach is corrected, and the decision abhorred by most Bolivian people, is revised. This decision has prompted the resignation of a deputy who chose to act honorably and decently, forcing ruling party and opposition blocks to request the review of this maneuver which implies a strong desire to cover up for or protect certain people.

Congress is facing a crisis which must be overcome firmly and legally. It must display the will to root out corruption because it would be a pity if these assurances end up as yet another unfulfilled promise.

Bolivia: Daily Views Corruption Among Legislators

PY1602174496 Santa Cruz EL MUNDO in Spanish 12 Feb 96 p A5

[Editorial: "Political Parties and Corruption"]

[FBIS Translated Text] Political parties should be deeply concerned over recent developments that have tarnished the legislative branch. The legislative branch, the main state branch, comprises representatives of political parties that "hand-picked" legislators so that by representing their parties, from a constitutional standpoint, they would represent the various regions of the country.

Therefore, ultimately, the political parties are responsible for what happened in Congress — specifically in the Chamber of Deputies — because they failed to elect those who, automatically and in compliance with the "safety guidelines," would make them legislators without the need for the peoples' vote.

The main goal of political parties since the Universal Vote decree was promulgated — later on made law — by which legislators were designated without the need for a popular vote, has been to have representatives in Congress. They care very little — or sometimes nothing at all — about the quality of their representatives.

A characteristic of the latest Constitution, which establishes that 50 percent of the legislators be elected by vote, is that it will allow for the election of those who are, at least, worthy, honest, and reliable, in addition to the other virtues necessary to become a legislator. The unfortunate thing is that 50 percent will continue subject to "the boss" who "hand-picked him," even though he does not deserve it or, by chance, due to some partisan merit or because he is popular among his party fellow members, but for no other reason.

Corruption has almost always plagued Congress. Self-indulgence, idleness, abandoning sessions after the list has been called, influence peddling, and other wrongdoings by legislators are undeniable acts of corruption. But what happened recently is extremely grave. The aforementioned wrongdoings and sins can be amended by legislators whenever they assume the significance of being a senator or deputy.

Political parties could be corruption's main enemy, as long as they act consciously and with a true desire to serve the country and if they, finally, give up their habit of using the country for their own benefit, for personal benefits or in favor of groups that acquire economic and social power and that, in many cases, allow for people to slide from one party to another. Thus, political parties must safeguard their own structures to ensure their survival, and especially if they are to enjoy the peoples' confidence.

Bolivia: Decision To Suspend Some Congressmen Hailed

PY2102223396 La Paz PRESENCIA in Spanish 13 Feb 96 p 3

[Editorial: "In Search of the Lost Dignity"]

[FBIS Translated Text] By revoking the first resolution passed in connection with the salary differential affair, the Chamber of Deputies yesterday rectified an equivocal procedure that hindered the normal enforcement of the law in the investigation into and punishment of crimes allegedly perpetrated by some congressmen.

The lawmakers who are reportedly implicated in this affair have been suspended and stripped of their parliamentary immunity so that they can be taken to court, which will convict those who are found guilty and acquit those who are found not guilty. Once the congressmen who are under suspicion are acquitted, they will be able to once again take their seats in Congress.

The Chamber of Deputies' self-imposed purge constitutes a major step forward towards the recovery of its public image and citizens' credibility in deputies' high moral standing.

This notwithstanding, it should be pointed out that this is only the first step. Many others should be taken so that the wound opened by the exposure of the salary differential scandal is not cast into oblivion, but rather serves to eliminate the privileges that lawmakers grant to themselves and to correct distortions concerning parliamentary immunity.

The first subject that should be broached is the one about seniority bonus. Some congressmen have proposed the elimination of this bonus, which is exclusively added to congressmen's wages or salaries and therefore, ill agrees with the concept of emolument deputies and senators receive.

Others contend that emoluments are equivalent to salaries. According to this approach, seniority bonus would then be in place. If this criterion were to be accepted congressmen would have to abide by the law that sets a seniority bonus ceiling of three minimum wages, viz 615 bolivianos, an amount which is far removed from the 5,000-odd bolivianos senior congressmen collect and which serves to double their emoluments.

Pay rises or additional allowances that senators and deputies vote themselves at their own discretion ought to bear relation to the austerity that the incumbent administration is imposing on labor sectors in general.

Finally, it is clear that parliamentary immunity serves to guarantee parliamentary privilege for opinions voiced by congressmen in the discharge of their legislative and control duties. It should never be brandished to conceal irregularities, acts of corruption, or common crimes.

Brazil

Brazil: 'Reservations' Over U.S. Counternarcotics Aid Noted

PY1902235896 Rio de Janeiro O GLOBO in Portuguese 17 Feb 96 p 5

[Report by Cristiane Jungblut and Rodrigo Franca Taves]

[FBIS Translated Text] Brasilia — Brazil is going to count on U.S. help in its joint (Armed Forces and Federal Police) operation to improve police action to deter arms smuggling and drug trafficking in border areas. Paul Scharfer, chief of the International Training Division of the U.S. Coast Guard [name and title as published], is scheduled to arrive in Rio in March to train personnel from the Federal Police [PF], the Federal Revenue Secretariat [SRF], and the Port Administration. Soon thereafter, General Barry McCaffrey, director of National Drug Control Policy and the person who disburses funds for drug enforcement activities, will be visiting Brazil to discuss details of the U.S. aid to the operation with Justice Minister Nelson Jobim.

Arthur Muirhead, director of the narcotics affairs department at the U.S. Embassy, yesterday told O GLOBO that although the Brazilian administration has not yet formally requested any U.S. aid, the United States is also willing to send specialists in border security, just as it did with other Latin American countries. In the meantime, the Americans are cooperating by supplying equipment for the PF and information on techniques to fight the drug trade and arms smuggling.

U.S. Coast Guard personnel visited the ports of Rio de Janeiro and Santos in November and noted that security in both ports is faulty and must be improved. During a weeklong course, the Americans are going to train Brazilian police officers in identifying indications of smuggled goods and profiles of suspicious merchandise that ought to be checked more carefully. The course will be given first in Santos and then in Rio de Janeiro. Brazilians will be the first to receive this type of training from the U.S. Coast Guard.

The Justice Ministry has approved the U.S. cooperation, but the military, especially Army officers, are viewing it with reservations. They are afraid that the Americans might end up interfering too much in Brazilian domestic affairs. The military agree with the idea of the Americans supplying equipment to the PF under the terms of international technical cooperation agreements, but they are against the deployment of American troops to Brazil. They have already conveyed their concerns to Minister Jobim during a meeting held on 12 February at the Aeronautics Ministry, at which time they were informed about the courses to be given by the American experts.

Brazil: Japan Declines Telecommunications Loan Request

PY1702025296 Sao Paulo GAZETA MERCANTIL in Portuguese 14 Feb 96 p A7

[Report by Eliane Cantanhede in Brasilia]

[FBIS Translated Excerpt] The Japanese Government has summarily declined a request by Communications Minister Sergio Motta that the Japanese Eximbank open a $2-billion line of credit for Brazilian investments in telecommunications. Motta, who will be going to Tokyo on 12-15 March with President Fernando Henrique Cardoso, was hoping to be able to sign the respective contract during the presidential visit.

Three reasons are believed to have prompted the Japanese refusal: First, that Motta made the request only two weeks ago; that is, at the last minute for Japanese standards; second, that Motta did not even give details of the project or cite the areas, states, or programs in which the money would be used; and third, that there was also a political reason; that is, the Japanese fear that Motta, as a potential candidate for mayor of Sao Paulo, might be seeking just to score some points for his campaign.

A diplomatic source who was curious about why Motta will be taking part in the presidential entourage, said: "The newspapers are saying that the minister will be stepping down in April. Why is he then asking for a line of credit from Japan?"

Diplomatic sources have also voiced surprise at the fact that Finance Minister Pedro Malan will not be traveling with President Cardoso to Japan in March. After all, they said, the visit to Japan is considered to be the most important one in all of 1996, and there are promising trade prospects between the two countries. It would suffice to note that the Japanese Government, through the Eximbank and the Overseas Economic Cooperation Fund (OECF), is increasing by a factor of five its investments in Brazil this year compared to that made in 1994.

In addition to Motta and Foreign Minister Luiz Felipe Lampreia, Planning Minister Jose Serra and Industry and Commerce Minister Dorothea Werneck will be part of Cardoso's entourage. The following engagements will be high on the president's agenda: The signing of contracts with the Eximbank and the OECF, a lecture at the Keidanren (which is an organization similar to the National Industry Confederation), and a 30-minute speech to the Japanese Diet. On 13 March, he will open a fair of new Brazilian products. He will also comply with protocol calls on the Japanese emperor and prime minister. [passage omitted]

Brazil: Business Operations Accord With Argentina Signed

PY1602181696 Sao Paulo AGENCIA ESTADO in Portuguese 2225 GMT 15 Feb 96

[Report by Aldo Renato Soares]

[FBIS Translated Text] Brasilia, 15 Feb (AE) — Brazilian Foreign Minister Luiz Felipe Lampreia and Argentine Ambassador to Brazil Alieto Aldo Guadagni today signed an agreement to promote and facilitate activities of Argentine and Brazilian businessmen in both countries. Argentine or Brazilian businessmen may now become established in either Brazil or Argentina, respectively, to carry out their activities without any restrictions other than those stemming from provisions governing business activities in the host country, with the exception of legal provisions that are exclusively intended for national citizens.

The agreement was signed in response to complaints by both Brazilian and Argentine businessmen, who were having difficulties operating in Argentina and Brazil, respectively. There are more than 300 Brazilian companies in Argentina, and more than 100 Argentine companies in Brazil. There are more than 27 flights daily between the two countries. Bilateral trade totaled $10.612 billion in 1995. Official figures state that Brazilian exports to Argentina totaled $4.984 billion in 1995; 12.2 percent of overall Brazilian exports. Argentine exports to Brazil totaled $5.678 billion; nearly 27 percent of overall Argentine exports.

Under the agreement signed today, an Argentine or Brazilian citizen will have to meet the following requirements to be considered a businessman by the host country: to be a member of the board, administrator, or manager, of a company operating in the area of services, trade, or industry; to provide a statement issued by competent authorities in his home country certifying the existence of the company to which he claims to be associated as a manager or member of the board; and commercial and/or banking letters of reference. If the respective consular official deems it necessary, he may also be asked to submit additional evidence to substantiate his allegations, such as commercial or banking correspondence, tax payment receipts, fiscal identification numbers, company identification, among others. Investors will be required to make a minimum investment of $100,000.

Among the activities that may be performed under the agreement are those involving every type of banking operation authorized by host country laws; to manage and/or administer companies, whether he owns them or not; and to carry out all tasks involving purchases, sales, administration, production, financial and commercial activities. He may also serve as the legal representative of his company, conduct overseas operations, and sign balance sheets.

Brazil: 'Text' of President's Address to Congress

PY1602131096 Sao Paulo AGENCIA ESTADO in Portuguese 2001 GMT 15 Feb 96

["Full text" of President Fernando Henrique Cardoso's message to Congress, read by Deputy Benedito Domingos of the Liberal Front Party]

[FBIS Translated Text] Messrs. Members of the National Congress:

This is the second time I have addressed this house at the start of a legislative term, and the first time I have the opportunity to present an appraisal of my first year in office.

Last year was marked by the progress made in the consolidation of four essential aspects in the process of changes in society and in the Brazilian state, which is the most important commitment of my administration: First, the democratic process; second, ethics as the conductor prevailing above all government actions; third, the relationship of reciprocal independence and cooperation between the executive and legislative branches in keeping with the public interest; and fourth, the Real Plan.

These four dimensions express conditions of social and political stability that are indispensable for the resumption of development in the medium and long term. Important obstacles still exist, however, along the path that leads to growth with stability and social justice. To overcome them, we have been devoting our best efforts to achieving three extremely important objectives: 1) to implement the constitutional reforms required for the reconstruction of the Brazilian state; 2) to strengthen new standards of investment in the economy through a more active participation of the private area in public services and; 3) to renew practices, concepts, and priorities of the government actions in the social area.

In the short term, the consolidation of monetary stability has offered a well-defined course for development. In 1995, the economy continued to grow, the level of investments increased by nearly 2 percent of the GDP, and the consumption of basic food and durable goods increased considerably. The income of the poorest sectors increased well above the national average. Inflation continues to drop.

This drop reinforces prospects of long-term stability: There is already an accentuated convergence in the various price indexes, thus reducing the disparity that was responsible for relatively high monthly averages during 1995. The micro-inertial characteristics of the inflation have become weaker because price variations in some productive sectors of the economy during certain months did not extend to the following months, and inflation again dropped. Third, the labor market is becoming more flexible as a result of direct negotiations between employers and workers, in an attempt to favor the creation of jobs and to improve productivity.

Simultaneously, productive foreign investments in the country increased significantly and surpassed $3 billion in 1995. As a result of the new automotive regime adopted by the executive branch, a new cycle of investments has been announced. These investments will surpass 12 billion reals [R] before the end of the decade. The financial crisis in the agriculture area — caused by increased production, relatively lower prices, and excessively high interest rates — has been resolved by securing the agricultural debt, which reached the total of 7 billion reals. This solution offers better conditions for future recovery.

A fundamental factor in stimulating the resumption of investments resulted directly from the modifications implemented in the constitutional provisions of the economic order. This was the main political achievement of my administration during 1995 which, as a congressional contribution, was essential. The private area may now invest in the petroleum prospecting and exploitation areas, as well as in that of telecommunications. Foreign capital can now be invested in the electrical energy-producing area and in mining. The differentiated treatment previously given to foreign capital has also been eliminated.

The approval of the Concessions Law, which I had the privilege to promulgate as head of the executive branch after having presented the original draft bill to the Senate, establishes the legal basis for private initiative activities in the rendering of public services. This was the principal event in the field of privatization last year which allowed, particularly in the electricity field, new investments and the conclusion of projects — which were feasible through concessions — worth over R2 billion.

The progress attained with the privatization process has been considerable. Its importance, from the economic point of view, stems essentially from three factors: First, the possibility to use resources obtained from the sale of public companies to: a) reduce the public debt, saving on interest generated by such debt; and b) encourage more privatizations, including in the states. Second, to make better use of state management skills and allow it to concentrate on essential public functions like education, health, justice, security, science and technology. Third, to strengthen privatized companies from the administrative and financial expansion point of view.

Progress has been made in the privatization process, especially in typically business fields like the petrochemical and steel industries. Thus, the most significant event was the progress attained in the preparation of the Vale do Rio Doce Company privatization, which should be ready in the first half of this year. Decisive steps were also taken to begin the privatization in the much more complex field of public services. In the electricity sector, beside the sale of Escelsa [Espirito Santo Power Plants, Inc.] and the already mentioned concessions, the privatization process will progress in 1996 thanks to the division and merging processes necessary to increase the sales value of companies. In the field of transportation, bids granting concessions to exploit federal highways by private companies began to take place. It is foreseen that of the 15,000 km of highways plausible for concessions, more than half will be object of public bids this year. The privatization of 22,000 km of the RFFA [Federal Railroad System] will make considerable progress in 1996.

Such effort has not been limited to the federal jurisdiction. Cooperation among the BNDES [National Bank for Social and Economic Development] and the states through loans associated to the purchase of state company shares or debentures plausible for use in future privatization processes, has also been important. The Federal Savings Bank is likewise preparing similar procedures for the municipalities.

This required efforts to remodel the government administration and reform the state. The new structure of the executive branch comprises, at the top level, the Government Council which comprises the president of the Republic and the ministers, where the principal guidelines are examined and strategic decisions for government actions are made. Government Counseling Boards [Camaras do Cohselho de Governo] have been created to coordinate actions in the different executive branch areas.

Sensitive changes, as a result of efforts to stabilize the economy and modernize the state are not limited to the internal plane. Brazil has achieved an image of a country capable of overcoming obstacles to stability and growth in order to comply with its commitments. We also actively participated in the most significant events of the international scene and have rendered important contribution to the maintenance of peace, respect for human rights, environmental protection, economic development, and social progress.

In the current world, for a country the size and weight of Brazil, it is not sufficient to simply react to external factors and events. It is necessary to take initiatives. The most important initiative was the proposal I made for regulating the flow of international capital to protect our economy from the erratic nature of such capital. The fact that this proposal was welcomed, at international financial organizations and at the Group of Seven — which groups the main world economies — gives further testimony to the credibility we have achieved.

Messrs. members of the National Congress:

The definitive consolidation of the Real Plan as well as compliance with our modernization agenda are not easy tasks. Three obstacles still defy the economic and political stability we are experiencing, a stability that is a source of pride for the country. These obstacles are the remnants of a culture of the public deficit, backwardness, and corporatism.

The risk of the return of hyperinflation cannot be definitively ruled out while there is a trend to focus expectations on public budgets, instead of considering budgets as instruments of realistic options between equally legitimate and feasible alternatives. There is also a trend to simultaneously demand increased expenses and reduced revenues, which still prevails in our political circles. There is another trend to make the government responsible for costs that should clearly be assumed by specific groups, and not by the whole of society.

Brazilian society pays a high price for its backwardness. This backwardness is first seen in the state, which has become a heavy, expensive, and inefficient machine in several sectors. With the new challenges of a growing internationalized economy, the state still finds it difficult to spot the needs of the country, to implement the projects it adopts, and to efficiently supervise the activities in which it is directly engaged and those that were transferred to the private sector.

There is also backwardness in the enterprises that many times became accustomed to operating in an artificial world, in which they were protected from competition by excessive market regulations and by the broad indexation of prices. Over the long period in which the local market remained closed and in which there was a high inflation rate with price indexation, the speed of price readjustment and financial investments became the main instruments for entrepreneurial action, to the detriment of the reduction of costs, the renewal of management methods, and productive investment.

There is also social backwardness. Major inequalities still persist among sectors of the population. Because of their low level of education and lack of technical training, a part of the population above the level of poverty does not qualify for a labor market that will become increasingly demanding in order to compete on an equal footing in a global economy.

The third major obstacle for consolidation the real deals with sustainable growth and corporatism. The latter does not simply consist of the continuation of specific interests — which is legitimate in a free society like ours — but also of searching for solutions in which the public interest in general is subordinated to private interest and to the interest of a particular group. In enterprises, in civil organizations, and in the state apparatus, corporatist mentality is permanently shaping the regulations of institutions, seeking to make them benefit their own members to the detriment of the objectives for which they were created. In the public sector, corporatism has been a particularly powerful factor of inefficiency and high cost.

These obstacles can only be surmounted through reforms that will allow public savings to increase and incentives to the private sector to be reinforced while simultaneously eliminating excess regulations from the labor market, reducing the costs of employee hiring and maintenance. This, in turn, will generate new jobs.

These reforms are essential for the construction of a modern and efficient state. An effective state reform will allow the government to play its essential role in the normalization of the economy and to guarantee structural conditions for development, so that the market may respond more effectively to the country's demand for growth. It will also allow the government to play a more efficient role in the fairer distribution of the product of that growth so that the people can improve their standard of living through their more adequate insertion into the productive process.

The guidelines necessary to reduce geographic and social unbalances are associated with the aforementioned reforms. It is a commitment of this administration to reduce the disparities among the people. However, these disparities among the population reflect, in part, disparities of growth and modernization among the regions. Therefore, the government strategy should aim at the two objectives simultaneously. The creation of new opportunities, the reduction of costs, the good use of economic agents, the improvement of infrastructure, and the strengthening of basic and technical education, which, ultimately, will facilitate improvement of the general standard of living in the cities and the countryside, will be the object of specific regional treatment.

The Community in Solidarity Program is an essential part of this action. Its priorities are identified with the government's main fields of action in the social aspect. An important part of this strategy is a transformation of traditional ways of administrating social programs. It is changing them by increasing partnerships between the public sector and government agencies to meet the established objectives and thus prevent the perpetuation of agencies exclusively dedicated and specialized in attending the poorer classes.

Finally, we will persevere in our quest to modernize the productive sector and increase our capability to compete at the international level. Thus, the change in the profile of economic investments through greater participation on the part of the domestic and foreign private sectors in activities currently controlled by the state will be a decisive contribution. With this purpose in mind, the policies of economic opening, deregulation, guarantee of competitiveness, and consumer defense must be improved. At the same time, the mechanisms for defense of labor and production normally implemented in other countries will be improved, especially with regard to cases involving unfair trade practices.

All these actions are a requisite for the government policies mentioned in this message which I am hereby presenting to you, members of the National Congress. They are not mentioned here as promises but as a commitment and expectation. They are a commitment of my administration with the above mentioned guidelines; a commitment with a new government mentality, based on a serious diagnosis, on the realism of the programs mentioned, and on the dedication with which they are being carried out. They are a commitment with prosperity and social justice.

It is our expectation to maintain and increase the quality of the cooperation that prevailed during the legislative term that has ended between the executive and legislative branches, which was marked by mutual respect and a common concern for the people's interest. It is also our hope to always respond to the expectation of the Brazilian people who have bestowed this mandate on us.

Brazil: Daily Comments on Cardoso's Message to Congress

PY2102010796 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Feb 96 p A3

[Editorial from the "Notes and Information" page: "Obscure Points in the Presidential Message"; passages within slantlines indicate quotes from President Cardoso's message to Congress]

[FBIS Translated Text] The introduction to President Fernando Henrique Cardoso's message to Congress has called attention because it lists the hurdles the Real Plan has yet to face to maintain a strong, stable currency. The listing of those three factors bearing upon the Brazilian social and political structure is important because it is indicative not only of the direction the executive branch is taking in addressing problems, but also of its awareness of the serious issues that are affecting the country. We will return to these hurdles later. What we would like to emphasize now is, however, the position in which the president of the Republic has placed himself in relation to the issue of relations between the state and the economy. It is far from our intention to expect the president to make liberal commitments: The president has somehow done enough to prevent anyone from harboring illusions in this respect. All we want to do is just note the direction the executive actions are taking in this area. The constitutional amendments, especially those making monopolies more flexible, have been clearly indicative of a move toward a regulatory state. It was no doubt a step forward, but it entailed guiding the market (by giving guidelines on prices, and by regulating and promoting investments), which was specifically conveyed during a lecture given by the president in New Delhi. The message to Congress represents another step forward: In addition to its regulatory role, the state assumes its role in distributing revenues. The message says: /"An effective state reform will allow the government to play its essential role in the normalization of the economy and to guarantee structural conditions for development, so that the market may respond more effectively to the country's demand for growth. It will also allow the government to play a more efficient role in the fairer distribution of the product of that growth...."/

Following this notation, which would be necessary for understanding future actions, we want to return to the introduction to the presidential message. Despite the optimistic tone of official remarks made this week, the tone of the message is cautious: Development will be resumed in the medium and long term, as long as the "conditions of social and political stability persist," conditions which were consolidated throughout 1995. The risk of an upsurge of hyperinflation will not be ruled out if the three hurdles mentioned earlier are not removed: the public deficit culture, backwardness, and corporatism. In the political and social horizon, nothing indicates the possibility of social unrest (as long as law enforcement officials strictly discharge their duties, land occupations by squatters will be just unlawful actions that are in no way capable of affecting the democratic system). In the political area, the administration has obtained a favorable response from Congress to its proposals; and leftist parties are not considering filing any petition to have any legislation declared unconstitutional. From the social and political standpoint, we may thus expect to start feeling the effects of resuming development in the medium term.

The worrisome aspect is, however, the reference to the risk of an upsurge of hyperinflation. The public deficit could no doubt ignite a snowballing process. It is thus surprising to see that, despite being aware of how serious this problem is, the executive branch has done little since its inauguration in January 1995 about pushing a tax reform, which will be put on the agenda only after the administrative reform bill has been approved. Similarly, it is scary to see that the administration — which has managed to overcome the opposition without the support of its congressional base — has not been able to bring order into the process of proposing amendments to the draft federal budget or to make progress toward its approval. If this is a reality, it would be appropriate to ask why the message has made a critical reference to Congress by claiming that the prevailing trend in Congress is that of increasing expenses and reducing revenues. Backwardness is a second risk that could provoke an upsurge of hyperinflation — it is bizarre to note that the president of the Republic has considered the state and private companies to be at the same level of backwardness. He accused them of having failed in 1995 in preparing for foreign competition, of preferring to make profits on financial operations instead of improving their management skills. That view of business could reflect the situation existing prior to 1991; today, things are different. The question to be asked is why remain faithful to an anachronistic concept. Companies are again attacked when reference is made to corporatism. /"In enterprises, in civil organizations, and in the state apparatus, corporatist mentality is permanently shaping the regulations of institutions, seeking to make them benefit their own members to the detriment of the objectives for which they were created."/ In light of the above classification, which appears to reflect a fatalistic approach, it would be appropriate to ask: If companies seek to subordinate public interests to private interests, and if the state does the same, then, how could we achieve development and eliminate poverty?

Brazil: Limits on Foreign Participation in Telecoms

PY2002172496 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Feb 96 p B10

[FBIS Translated Text] Brasilia — The government is proposing to establish limits on the participation of foreign capital in the companies that will exploit cellular telephone, satellite signal access, and data transmission services, so as to establish conditions similar to the international market.

A draft bill that will be sent to Congress by Communications Minister Sergio Motta limits foreign capital participation to 49 percent of the shares with voting rights and to 83 percent of the total capital of the companies interested in participating in public bids in the sector.

The objective of these limits is to place Brazil in a position to defend itself and negotiate with the rest of its commercial partners in the field of telecommunications. This is one of the most sensitive subjects currently being discussed in international forums. "We need to start from a basis to negotiate with the WTO and the International Telecommunication Union (ITU)," said a government official. "We cannot begin to talk without having anything to concede."

The policy of protectionism and reserved markets in the area of telecommunications services is a tradition among most developed countries. Until not very long ago, the United States limited the participation of foreign capital to 20 percent. This limit was recently raised to 25 percent, but the demand is so great that in practice the limit remains at 20 percent. Germany and France do not allow any foreign investment in this market.

The discussions over the opening of this market have hardly begun, but they promise to become more heated in the next few years. "They are full of liberal speeches for third countries," said Minister Motta in reference to the countries that are most closed to foreign capital.

He wants "reciprocity" in treatment. For experts, Motta's draft bill is "liberal" when compared with legislation of other countries.

However, it is not liberal enough to satisfy the PFL [Liberal Front Party], which is the party that most protests the limit. The PFL members believe that a limit must not be imposed on the participation of foreign capital, particularly because there are no national investors capable of satisfying the backlog in demand for telephone services.

Beside this, the PFL congressmen believe that the interest in investing in Brazil will diminish if the large multinational telephone companies will not be able to control their investments.

Foreign Investors Interested in Telecommunications Services Sector

The telecommunications sector will receive 11.44 percent of the total $92.105 billion foreign companies plan to invest in Brazil as announced at the beginning of the Cardoso administration.

Investment programs in the telecommunications sector announced between January 1995 and 9 February 1996 amount to $10.536 billion.

This is the second largest volume of resources committed for the four sectors of the economy that were the object of discussion in Congress in 1995 and that justified the breaking of the government monopolies and opening to foreign capital.

The electricity sector leads the list of infrastructure investment projects with $12.593 billion, or 13.67 percent of total planned investments.

Foreign capital representatives in Brazil used to consider as a dead letter the government demand that national capital hold the majority control in the companies that will participate in the public bids to render telecommunications services.

The market has already began to suspect that the government is about to thwart the foreign investors' favorable expectations regarding Brazil.

Planned Investments for 1996-99 (updated 9 February 1996)

Source: The Press and Relevant Facts-AGENCIA ESTADO

Electricity: $12.593 billion

Mining: $4.224 billion

Oil and Natural Gas: $5.966 billion

Telecommunications/Telephone Services: $10.537 billion

Total: $34.320 billion

Brazil: Ipero Mayor Fears Dismantling of Nuclear Center

PY2102005496 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Feb 96 p C4

[Article by Jose Maria Tomazela]

[FBIS Translated Text] Ipero — Ipero Mayor Marcos Antonio Tadeu Andrade (PMDB) [Brazilian Democratic Movement Party] yesterday said that the Navy's decision to suspend the nuclear submarine project could end by deactivating the Aramar Experimental Center, which is the technological center where the project is being developed.

The decision was announced last week by Navy Minister Admiral Mauro Cesar Rodrigues Pereira while visiting the nuclear center installed in Ipero. The Navy invested $670 million in the construction of the center but since the administration of former President Fernando Collor the project has suffered budget cuts.

"Given that it was the greatest incentive of the nuclear center during its installation stage in the eighties, the mayor fears the repetition of what happened with the old Agriculture Ministry National Agricultural Engineering Center (Cenea), also located in Ipero. The Cenea was an international reference center to test agricultural machines and it maintained the only official agricultural aviation course in Brazil.

Part of the Cenea area and installations, which were deactivated during the Collor administration, were occupied for some time by landless peasants. Sophisticated equipment from the Cenea became scrap iron. Such abandonment reached the aviation course hangar and led to the partial loss of 15 airplanes.

Marcos Andrade said that since 1993 the nuclear center, which was renamed Navy Technological Center (CTM), has been dismissing employees and slowing the pace of activities. In the past two years, the amount of employees, which numbered 2,000, dropped by half. Many scientists and researchers also left the center.

Doubts — According to the mayor, the project to install a sophisticated technological center near the CTM has not gone further than the blueprints. "We have 45 industries that have been installed or are in the process of being installed in the municipality, but none of them is directly linked to the nuclear center," he said.

With the end of the submarine project, which was the principal objective of the center, Andrade doubts that the Navy is willing to maintain installations, equipment, and personnel in Aramar. "If the submarine will not be built, how will the Navy justify the maintenance of Aramar?" he asked.

The CTM press office reported that the Navy Ministry does not intend to deactivate the Aramar Experimental Center in Ipero. The unit will continue developing the nuclear fuel program of the nuclear reactor prototype on land, and placing the technology developed there at the disposal of the industries of the region.

According to the CTM press office, the Navy wants to apply the technology developed in the nuclear center in electricity production and other industrial applications.

Brazil: Roundup of Economic Reports Through 14 Feb

PY1502113496

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 14 February.

BASIC LEADING INDICATORS

Industrial Sales Increase in 1995 — The National Confederation of Industry, CNI, reported on 8 February that Brazilian industrial sales increased by 9.71 percent in 1995 compared with 1994. This is basically attributed to a stock-reducing policy. Although employed personnel and work hours dropped by 1.12 percent and 0.33 percent respectively, paid salaries increased by 9.77 percent. (Sao Paulo GAZETA MERCANTIL in Portuguese 9 Feb 96 pp A1, A4)

Industrial Production Growth Figures — Industrial production increased by only 1.7 percent in 1995, according to the Brazilian Geography and Statistics Institute, IBGE. The average industrial production growth in the previous two years was 7.5 percent. Some industrial sector production increased like that of house appliances which grew by 18.5 percent, and food which grew by 7.8 percent. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 10 Feb 96 p 1)

IPEA Reports on GDP Figures — The Applied Economic Research Institute, IPEA, announced that the GDP grew by 3.7 percent in 1995 amounting to 607.713 billion reals, R. The population increased during the same period and so the average income per capita shows a real increase of 2.3 percent, from R3,829 in 1994 to R3,918 in 1995. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 13 Feb 96 p 13)

IBGE Reports on GDP Figures — The IBGE has announced that the GDP grew by 4.2 percent in 1995, mainly thanks to the performance of farming sector which grew by 5.9 percent; services which grew by 5.7 percent; and industry which grew by 2 percent. Industrial activity, however, dropped by 11 percent in 1995 compared with 1994, annulling the vigorous growth registered during the three quarters following the implementation of the Real Plan. The per-capita GDP increased by 2.74 percent in 1995 in comparison with the previous year. (Sao Paulo AGENCIA ESTADO in Portuguese 1724 GMT 13 Feb 96)

Black Market Economy Figures Reported — The IBGE reported that the black market economy accounts for 13 percent of the GDP. This figure increases annually with the GDP rate. The figure is equivalent to the GDP of Rio de Janeiro state. The IBGE states that most of the black market economy is concentrated in commerce and civil construction activities. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 13 Feb 96 p 13)

Oil, Gas Production Figures — National oil and natural gas production by the Brazilian Petroleum Corporation, Petrobras, hit a record in January. A daily production of 800,124 barrels of oil was registered from land and offshore wells, the greatest daily average since the creation of the company. Natural gas production is 23.74 million cubic meters per day. The extraordinary performance of the company in January is mainly due to the new 7-LUC-29H-Am well that began operating in Amazonas State and considerable oil production increase in the States of Rio Grande do Norte and Ceara. (Sao Paulo AGENCIA ESTADO in Portuguese 2347 GMT 13 Feb 96)

FINANCIAL OPERATIONS

Pharmaceutical Companies Merge — With estimated sales of $360 million for 1996, Hoescht is finalizing details to form the largest medicine factory in Brazil, which will be called Hoescht Marion Roussel. Hoescht decided to concentrate its production in health and pharmaceutical products, chemical, industrial, and agrochemical products. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 9 Feb 96 Section 1 p 10)

Iron and Steel Mill Investments — The privatization program, the economic stability, increased demand, and the need to modernize iron and steel mills are leading to ambitious investment plans. Seven companies foresee investments amounting to $3.03 billion by 2000. The National Social and Economic Development Bank, BNDES, has been consulted by the mills. Usiminas, the first company privatized in Brazil, sent BNDES a consulting letter asking it to finance 60 percent of an $800-million investment plan. The National Iron and

Steel Company, CSN, has already invested $400 million of which $250 million were financed by BNDES. It plans to invest $1 billion by 2000. The CSN plans to build a thermoelectric plant to generate energy for its own consumption. The Tubarao Iron and Steel Company, CST, and Acominas intend to modernize their mills. They have already consulted BNDES. CST intends to invest $400 million and Acominas will invest $100 million. The Sao Paulo Iron and Steel Company, Cosipa, has already invested $80 million, of which $50 million was financed by BNDES. It intends to make a $500 million investment. Acesita wants to make a $180 million investment, and Acos Finos Pratini wants to invest $50 million to modernize and increase production. BNDES has thus considerably increased its budget this year. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 10 Feb 96 p 15)

Stock Exchange Profit Figures — The Brazilian stock exchanges yielded a 22 percent profit in dollars between January and 8 February. This figure is unmatched in the world, and calls the attention of large international investors. This caused shares in the main Brazilian public companies to rise this year by $10.3 billion. Despite Central Bank measures to restrict the foreign capital inflow, $694 million were invested in the Sao Paulo stock exchange in January, which is more than the $512 million total in 1995. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 11 Feb 96 p 1)

Domestic Savings Profile — The Brazilian Association of Building Savings and Loan Companies, ABECIP, reports that small savers are responsible for more than half of the savings accounts in Brazil. They hold 61.40 percent of the 36,814,797 savings accounts opened in 1995 with an average balance of R100. In terms of national volume of savings, this group represents barely 1.87 percent. Savers with up to R500 represent 82.05 percent of national savings. ABECIP reports that those with a balance of over R25,000 represent 0.29 percent of the number of savings accounts. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 13 Feb 96 p 13)

Telebras Eurobonds Sold in New York — On 12 February, the JP Morgan-Banca Commerciale Italiana launched $95 million worth of Eurobonds for Telebras, Brazilian Telecommunications, Inc. These papers are exchangeable for the 350 billion lira issued for Telebras on 15 January. (Sao Paulo GAZETA MERCANTIL in Portuguese 13 Feb 96 p B6)

FISCAL, MONETARY ISSUES

January Advanced Revenue Operations Figures — The Central Bank authorized R802.6 million worth of Budget Revenue Advances, ARO, to states and municipalities last January. Of this, states and municipalities used only R525.1 million. This result does not mean state and municipality debts increased because the ARO's were simply used to rollover debts that fell due on 31 January. The estimated average interest rate of ARO operations was 4.2 percent per month. The states were the greatest borrowers in January, concentrating 59 percent of the ARO's, worth R476.1 million. Municipalities came second with 36 percent, worth R209 million; and state capitals came third with 5 percent, worth R35.9 million. From the creditors' point of view private banks contributed the most with 78 percent of the resources, while official federal and state banks contributed 22 percent. The largest ARO borrower in January was the Minas Gerais State, including its municipalities, which received R275.69 million. (Sao Paulo GAZETA MERCANTIL in Portuguese 9 Feb 96 p A6)

Public Deficit Increases — The government closed its January accounts with a R2.838 billion deficit. The greatest expenses involved the public payroll. Although no wage hike was authorized and no one was hired, the public payroll last January was 39 percent greater than that of January 1995. The federal administration spent 1.408 percent more than in January 1995 to pay public construction works and services that should have been accounted for in the 1995 budget. The high interest policy fueled the January deficit. Despite a drop in interest rates in December, the federal government spent 221 percent more on bonds that matured in the market. This shows the government has not managed to impose austerity in its expenses. Expenses in January were R2.838 billion greater than revenues. This is the largest deficit registered since the Real Plan began. The government believes the plan will only be totally successful when the deficit is eliminated. Treasury Secretary Murilo Portugal justified the 39 percent increase in public payroll expenses as result of payment of the Christmas bonus and January vacation bonus. (Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 13 Feb 96)

Dollar Exchange Band Reduced Slightly — For the first time, the Central Bank modified the dollar quotation on 12 February, pushing it up by 0.20 percent. The Central Bank thus determined that the market can negotiate the dollar between R0.980 and R0.985 within the mini-exchange rate band. It was modified "to show the market that the exchange rate is not frozen and that everything continues as normal," said Joubert Furtado, chief of the Central Bank International Reserves Operations Department. The change was received calmly by the financial market which interpreted it as a continuity of the exchange policy. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 13 Feb 96 p 12)

Treasury Disburses Money for States — The disbursement of resources to help those states and municipalities that are in financial difficulties has increased. Treasury Secretary Murilo Portugal reported that 13 states have signed agreements to settle their accounts involving a disbursement of R1.42 billion, which will be used in personnel reduction programs, to pay outstanding accounts, and to transform debts into long term revenue advances. This should improve the situation of the states and municipalities. Last year, governors and mayors surpassed their budgets and borrowed money from private banks to pay their bills, especially public payrolls. The result was a deficit amounting to 2.52 percent of the GDP. Portugal hopes the fiscal performance will be better this year given that he expects an improved fiscal revenue income. (Sao Paulo AGENCIA ESTADO in Portuguese 2310 GMT 13 Feb 96)

PRIVATIZATION

States Receive Advances for Privatizations — Four states have received from the National Bank for Social and Economic Development, BNDES, nearly R1 billion in anticipation of revenues from future privatizations. This is the government solution to encourage these states to not rollover their debts. In exchange for the money the government will receive, as guarantee, shares from public companies which can be sold on the market. The value of the advanced resources relates to the market value of the shares. BNDES has already given Rio de Janeiro State R244 million in exchange for 77 percent of the ordinary shares of the Rio de Janeiro Power Company, CERJ. It has given Rio Grande do Sul R150 million in exchange for 35 percent of the ordinary shares of the CRT. Minas Gerais and Parana States, which still lack privatization plans, made transactions with National Bank for Development and Participations, BNDESpar, a subsidiary of BNDES which advanced R440 million to Minas Gerais State in exchange for 33 percent of the ordinary shares of Minas Gerais Electric Power Plants, Inc., Cemig, and R120 million to Parana State in exchange for Parana Power Company, Copel, shares. BNDESpar received debt titles from these states which may be converted into shares of the mentioned companies. In 90 days, BNDESpar will be able to covert these titles and place them on the market. (Sao Paulo AGENCIA ESTADO in Portuguese 2040 GMT 12 Feb 96)

Hydroelectric Projects in Privatization Plans — On 13 February, President Fernando Henrique Cardoso signed a decree including five hydroelectric projects in the National Privatization Program. The decree establishes that those projects will be exploited by private companies through concession contracts. The decree states that the projects are: 1. Sao Jose/Carrapatos complex on the Pardo River, Sao Paulo; 2. Cubatao on the Cubatao River, Santa Catarina; 3. Emboque, on the Matipo River, Minas Gerais; 4. Bocaina, on the Parnaiba River, Minas Gerais; 5. Rosal, on the Itabapoana River, Rio de Janeiro and Espirito Santo States. (Sao Paulo AGENCIA ESTADO in Portuguese 0041 GMT 14 Feb 96)

TRADE ISSUES

Coffee Export Figures — The Brazilian Coffee Exporters Federation, Febec, has reported that Brazilian grain and roasted coffee exports amounted to 592,350 sacks in January, 32.5 percent less than in January 1995. Febec attributes this to a reduced coffee supply as consequence of the poor 1995-1996 harvest. (Sao Paulo AGENCIA ESTADO in Portuguese 1859 GMT 12 Feb 96)

Grain Import Estimates Revealed — Brazil will this year import 9.1 million tonnes of grain to cover shortages. Studies by the National Supply Company, Conab, indicate that the national grain production will amount to 71 million tonnes. This is not enough to meet the demand which could surpass 80 million tonnes. The government currently has 11.4 million tonnes of stored grain. Agriculture Secretary Guilherme Leite Dias says the government will import wheat, corn, cotton, and rice. The wheat harvest is estimated at 3 million tonnes this season, while the estimated demand is 8 million tonnes. The government will therefore have to import the balance. Conab foresees the demand for corn will be 37.9 million tonnes while the production is estimated at 32.1 million tonnes. Cotton production is estimated at 300,000 tonnes while the demand will be 800,000 tonnes. Conab studies indicate that rice must be imported to complement our production which is estimated at 10.3 million tonnes. The demand is estimated to be 11.9 million tonnes. Bean production however is guaranteed with a production of 3.26 million tonnes for an estimated demand of 3.25 million tonnes. (Sao Paulo GAZETA MERCANTIL in Portuguese 13 Feb 96 pp A1, B16)

Brazil: Roundup of Economic Reports Through 16 Feb

PY1902130396

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 16 February:

BASIC LEADING INDICATORS

Wholesale Sector Performance Improves — Sales in the wholesale sector increased by 9 percent in 1995 in comparison with the previous year, when sales amounted to $30 billion. Luiz Antonio Tomin, president of the

Wholesale and Industrialized Products Distributors Association, expects sales to increase by 7 percent in 1996. Sales increased by 2 percent in January in comparison with the same month last year in the interior of Sao Paulo, Parana, and Goias States. (Sao Paulo GAZETA MERCANTIL in Portuguese 15 Feb 96 p A7)

Oil Reserve Figures Released — Brazilian reserves of natural gas and oil amounted to 11 billion barrels of oil by the end of 1995. These results were analyzed by the Petrobras, Brazilian Petroleum Corporation, Administrative Council during a meeting held on 13 February. The figure is the result of the incorporation of 400 million barrels of oil to the total reserves. This represents a 6.3 percent increase in relation to the oil reserves registered in December 1994. This means that oil reserves increased by 6.5 percent and natural gas reserves increased by 5.5 percent since December 1994. The studies indicate oil and natural gas reserves increased in Campo de Marlim, in Campos Basin, northern Rio de Janeiro. Oil deposits were discovered in Campos de Pajeu and gas deposits in Baixa do Juazeiro, Portiguar Basin, in Rio Grande do Norte and Ceara States, and the Campo do Pipiri River in the Reconcavo Bahiano region. (Sao Paulo AGENCIA ESTADO in Portuguese 2244 GMT 15 Feb 96)

FINANCIAL OPERATIONS

Cellulose Investment Plans Revealed — Planning Minister Jose Serra has received a complete study on the future of the paper and cellulose industry showing that investments in this field will amount to $13.2 billion by 2005, including the planting of new forests. Osmar Elias Zogbi, president of the National Association of Paper and Cellulose Manufacturers, reported that this industry plans to expand by 52.7 percent the installed capacity for the production of cellulose and by 42.8 percent for paper. There are plans to invest $4.4 billion in the cellulose industry by 2002. Serra also received a report on the performance of the sector last year, when 5.4 million tonnes of cellulose and 5.8 million tonnes of paper were produced, or 3.6 percent more than in 1994. Paper and cellulose sales amounted to $7.9 billion in 1995, generating $994 million worth of revenues for the government. Current investments in this industry amount to $2.2 billion. (Sao Paulo AGENCIA ESTADO in Portuguese 2058 GMT 15 Feb 96)

FISCAL, MONETARY ISSUES

January Treasury Deficit Reported — National Treasury Secretary Murilo Portugal has reported that the Treasury registered a 2.8 billion reals, R, deficit in January, mainly as a consequence of domestic debt payments which amounted to R1.31 billion, more than double what was spent in December. In comparison with January 1995 — when the domestic debt payment amounted to R411 million — the payment of the domestic debt interest had increased by 221 percent by January 1996. "The deficit was due to seasonal factors, so it should not be repeated in the following months," Portugal said. Expenses associated with the public personnel payroll increased in January while tax collection dropped by 6 percent in comparison with January last year. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 14 Feb 96 Section 1 p 10)

International Reserve Figures for January — Brazilian international reserves surpassed $53.8 billion in January, according to the international liquidity concept. The balance of the reserves last 31 December was $51.840 billion. The Central Bank bought a net $2.2 billion dollars in the market last month. The increase of the international reserves amounted to $2 billion given that Brazil met foreign obligations amounting to $206 million. The Treasury transferred to the Central Bank the reals necessary to honor its commitments with foreign creditors. The Central Bank retained the reals and paid its foreign commitments with resources from the Brazilian reserves. (Sao Paulo GAZETA MERCANTIL in Portuguese 15 Feb 96 pp A1, B4)

Dollar Remittances Abroad Facilitated — The Central Bank authorized on 15 February the remittance of dollars abroad without previous consultation for non-financial companies that want to open offices abroad by up to a $500,000 limit per economic group every 12 months. The objective of the measure is to facilitate the remittance of dollars abroad at a moment when the inflow of hard currency is considered excessive in Brazil. Thus far, companies needed a prior authorization from the Central Bank to remit funds abroad to open or maintain offices in other countries. With this new measure, dollars will be sent directly through the banks on the floating exchange market. The earlier procedure made it difficult to send money abroad, since the Central Bank analyzed the petitions of companies to send money abroad on a case by case basis. (Rio de Janeiro O GLOBO in Portuguese 16 Feb 96 p 17)

TRADE ISSUES

Exports of Semi-Manufactured Goods Increase — Exports of semi-manufactured goods increased by 22.43 percent in January, in comparison with the same month last year, amounting to a total $715 million. Last month Brazil exported $125 million worth of iron and steel products, $37 million of gold for monetary use, $128 million of cellulose; $50 million of iron alloys, $112 million of raw aluminum, $51 million of leather and furs, and $34 million of crystal sugar. Soy bean exports, however, dropped from $46 million in January

1995 to $17 million in January 1996. In January Brazil exported $954 million to the EU, which buys 27.47 percent of the total Brazilian exports. Of this figure, Brazil sold goods worth $232 million to the Netherlands, $138 million to Italy, $129 million to Germany, $113 million to Belgium and Luxembourg, and $97 million to the United Kingdom. Exports to Asia also increased to a total of $598 million, despite the 38.18 percent drop in trade with the PRC. Brazil exported $246 million to Japan, $33 million to Thailand, and $26 million to Taiwan. Sales to the Common Market of the South, Mercosur, increased by 6.09 percent to a total of $470 million. Sales to Argentina amounted to $305 million. Argentina is the second largest market for Brazilian exports after the United States, which absorbs 20 percent of Brazilian exports. (Sao Paulo AGENCIA ESTADO in Portuguese 2008 GMT 15 Feb 96)

Trade Balance Surplus — Jose Roberto Mendonca de Barros, Finance Ministry economic policy secretary, reported that the Brazilian trade balance registered a $35 million surplus in January. Exports in January increased by 16.54 percent, amounting to a total of $3.473 billion, while imports amounted to $3.438 billion. (Sao Paulo AGENCIA ESTADO in Portuguese 1958 GMT 15 Feb 96)

Brazil: Roundup of Economic Reports Through 20 Feb

PY2102175096

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 20 February:

FINANCIAL OPERATIONS

CVRD Profits in 1995 Down — The Rio Doce Valley Company, CVRD, had a 329-million reals, R, profit in 1995. This profit was 39.85 percent lower than the one registered in 1994. Although the company had a historic record level of iron ore production — 105.724 million metric tonnes — and its participation in the international market increased by 5.8 percent, this drop in the company's profit was a result of the impact caused by the different indexes used in the balance sheet of the two fiscal years: the exchange rate variations and the Reference Fiscal Unit, Ufir. In 1994, the dollar devaluation vis-a-vis the real, which totaled 25 percent from July to December, allied to the 23-percent variation of the Ufir during the same period, granted the CVRD an additional profit of nearly R200 million, even after payment of the income tax. The CVRD increased its exports by 6.9 percent in 1995 and shipped 73.86 million metric tonnes abroad. The company's overall operational revenue increased by $2.484 billion in 1995 and was 9.5 percent higher than in 1994. Part of the good sales results were due to an average increase of 7.2 percent in the price of iron ore abroad, a 41 percent increase in the price of cellulose, and a 28 percent increase in the price of aluminium. (Sao Paulo GAZETA MERCANTIL in Portuguese 16-18 Feb 96 p C4)

Aluminium Sales Increasing — Compared to December 1995, the supply of primary aluminium to the domestic independent processors and the integrated mills has increased by 18.4 percent in January. Compared to January 1995, however, it was 32.4 percent lower. According to data released by the Brazilian Aluminium Association, 14,800 tonnes of primary aluminium were sold in the domestic market in January, while 21,900 tonnes were sold in the same month last year, and 12,500 in December 1995. (Sao Paulo GAZETA MERCANTIL in Portuguese 19 Feb 96 p C2)

FISCAL, MONETARY ISSUES

January Revenue Drop Seen — According to figures reported by the Federal Revenue, the Federal Administration collected R7.08 billion in January. After taking the inflation rate into account, this represents a real drop of 8.81 percent compared to December 1995, and an 8.08 percent drop compared to January 1995. The revenue resulting from income tax owed by the banks was 68.72 percent lower than the figure for January 1995. There has also been a 64.53- percent drop in the Social Contribution on Net Profit revenue which is collected by the banks. The drop in the level of economic activities has also decreased in January and, as a result, the Industrial Products Tax revenue decreased. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 16 Feb 96 Section 2 p 1)

State Government Resorts to Proer — The Minas Gerais state government wants R300 million from the Central Bank, under the privileged conditions of the Program to Encourage the Reorganization and Strengthening of the National Financial System, Proer, in order to privatize the Credireal Bank. The state government is also asking for R400 million more to reorganize the financial situation of other state banks: the Bemge Bank and the Minas Gerais Development Bank. The Minas Gerais government wants to publish the bidding announcement for the Credireal Bank's privatization on 28 February. As this will be the first state bank to be privatized, Finance Minister Pedro Malan is interested in supporting the operation, although there are still legal difficulties regarding this privatization. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 16 Feb 96 Section 1 p 10)

TRADE ISSUES

Tourism Decreases, Causes Losses — Brazil has experienced a decrease in profit amounting to at least $1.8 billion per year for lack of an aggressive policy to attract foreign tourists. Experts point out three main reasons for the fiasco: negative image abroad, due to such factors as urban violence, holdups, and deforestation; lack of investment in tourism related infrastructure; and the high cost of trips due to long distances, in addition to the high exchange rate of the real. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 18 Feb 96 Section 1 p 10)

Chile

Chile: Christopher Visit Evoking 'Positive Commentaries'

PY2102180796 Santiago LAS ULTIMAS NOTICIAS in Spanish 21 Feb 96 p 12

[FBIS Translated Text] U.S. Secretary of State Warren Christopher's upcoming visit to Chile has generated only positive commentaries from Chilean businessmen involved in foreign trade.

Despite the delay in Chile's incoporation into NAFTA, executives from several areas have praised the trip, during which, they assured, this issue will certainly be discussed.

According to Vincent McCord, chairman of the U.S.-Chile Business Chamber (Amcham), "this is a very important visit because we are interested in continuing discussion of the free trade issue. We want to discuss with Christopher how to continue promoting the free trade initiative for the Americas, particularly in Chile."

Nevertheless, McCord expressed pessimism with regard to possible progress in the negotiations in 1996 because of the current political situation in the United States. He said: "We will not achieve any progress during a U.S. election year, and this is a cause of great frustration."

Chile: Arrate Views Labor Relations in 1995

96SM0098A Santiago EL MERCURIO in Spanish 4 Jan 96 p C10

[FBIS Translated Text] Minister of Labor Jorge Arrate yesterday described his ministry's relations with employers and workers as complicated. The main problem, Arrate maintains, is that his ministry is dealing with officials he believes represent minority positions.

In his annual evaluation of the ministry he heads, Arrate writes that, in contrast with views expressed in surveys conducted this year concerning labor reforms, the position taken by business and the unions is that of a minority.

The minister stressed the support expressed by public opinion for labor reforms introduced by the government, support which he claims is reflected in two polls taken by Cerc and Adimark and two surveys conducted by the Industrial Development Association (Sofofa) and the Santiago Chamber of Commerce.

Labor Reforms

The minister referred to statements made last week by Sofofa President Pedro Lizana to the effect that the Cerc polls are not valid because the public is not informed about the changes and merely perceives a need for modifications in labor legislation.

"One of the issues is whether or not people see a need for change in this area. In that respect, the Sofofa president's position is reasonable. However, he has also said that everything is going smoothly and that nothing needs to be changed. This is not the view of most people," he argued.

On the second point concerning public opinion of changes that the government has introduced in Congress, Arrate said the Cerc poll and studies done by the Chamber of Commerce and Sofofa do not ask about labor reforms. Rather, they demonstrate that the positive results of these two institutions are in spheres where unionization and collective mobilization amount to over 60 percent.

He said that the basic criterion used by the government has been that there is no erosion of rights won by workers, and that the new proposal improves working conditions compared with existing legislation.

"In that sense, we have had a generally positive response from business groups with which we have talked in terms of making an effort in that direction," the minister said.

He stressed that it is essential to talk and engage in dialogue in order to see how to ensure that the economic development achieved in the country will be maintained. At the same time, a way must be found to obtain similar development in the social sphere exhibiting the same features as in the macroeconomic area.

Manuel Bustos, president of the United Workers Confederation (CUT), declined to comment on what Minister Arrate had said until he knew the context.

However, he did express regret over the minister's statements to the effect that the ministry is dealing with officials who reflect a minority view.

"Those words do not correspond to what has been accomplished during the year," he said.

Chile: Creation of Intelligence Agency Proposed

96SM0098B Santiago EL MERCURIO in Spanish 13 Jan 96 p C5

[FBIS Translated Text] Luciano Fouillioux, undersecretary of Carabineros [militarized police], said he agreed with the idea of bringing together and coordinating in a single, high-ranking entity the work of intelligence agencies now operating in the country. The idea has been proposed in a bill being studied by the Chamber of Deputies Defense Committee.

The bill, now in the final phase of drafting, proposes the creation of a new agency under the supervision of a joint congressional committee that would combine intelligence work currently handled separately by the government, Armed Forces, Carabineros, and Investigations.

"My strictly personal opinion agrees with the principle of the future creation of a high-ranking intelligence agency subject to congressional control, following the example of other countries," he said.

Fouillioux emphasized the foresight and vision being brought to bear on the task and noted that legislative control of intelligence work will support and further legitimize its vital function, which is to keep officials informed so that they may better defend our national interests. He went on to say it would become a new means of achieving a fluid relationship between civilians and the military.

"In Chile, intelligence work has normally been turned over to or been done by the Armed Forces and law enforcement agencies. With an overall vision of government, it would seem to be appropriate for us to bring the military world ever closer to the civilian world so as to promote our country's growth and strength. In addition, it would also seem appropriate for the perspective or vision of these two cultures to converge on an issue of such importance," he said.

"I believe that this potential control by those representing the people's will may enrich the purpose of intelligence. This does not mean that the work previously done by these institutions has not been made available to the authorities; on the contrary," he said.

Fouillioux stressed the willing cooperation of the Armed Forces, Carabineros, and Investigations whenever requests have been made for opinions or background information of any nature.

"Nevertheless, I believe that to establish standards or to organize such tasks would contribute a great deal to a mutual improvement in civilian-military relations," he concluded.

With respect to duties performed by intelligence agencies in a democracy, the undersecretary of Carabineros said that regardless of political position, every government official today requires opinions and techniques in the most diverse areas.

"We currently have this information, but it is not always sufficiently organized," he said.

He explained that in his opinion, economic growth, social plans—particularly those aimed at overcoming poverty—and the defense of our sovereignty and domestic order are the pillars of any serious government task aimed at strengthening the democratic system itself.

He added that any modern, perfectable democracy requires that officials have maximum information for analysis in order to perform their tasks. In order that proper decisions be made benefiting the essential missions of government, well-coordinated, high-ranking agencies must provide government with the timely information it needs.

The undersecretary of Carabineros explained that we have moved far beyond the image of the "universal investigator," the adviser who once was the sole repository of information who did not have to investigate anything.

"The world has made such progress and become so specialized that it is the real technical experts and analysts who, proceeding on the basis of political and strategic input, generate the 'grand intelligence' made available to those bearing responsibility for heading up the government."

In his opinion, intelligence must be modernized along with other government structures. A good opportunity for achieving this objective seems to be provided by the study being done by the Defense Committee, which seeks to move forward on the issue in "defense of the very democratic values that it must have in order to legitimize its own effective function."

Chile: Public Information Bill Described

96SM0098C Santiago EL MERCURIO in Spanish 15 Jan 96 p C4

[FBIS Translated Text] A year has gone by since President Eduardo Frei proposed legislation concerning access to administrative information. However, the bill has not been taken up by the Chamber of Deputies Committee on the Constitution, Legislation, and Justice.

In the opinion of Alejandro Ferreiro, attorney and adviser to the Office of Secretary General of the Presidency and the former executive secretary of the National Council on Public Ethics, passage of the bill would not simply provide our citizens with the possibility of informing themselves about all action taken by the ministries or administrative and government departments created to perform administrative duties, including the Armed Forces and law enforcement agencies. Rather, it would mean a change in the conduct of public officials whose action must be reported in writing, in that henceforth, the rest of the citizenry would be able to verify and be informed about that action.

The bill, known as the Transparency Law, is a response to the proposal formulated by the National Committee on Public Ethics in issue 38 of its report to the president concerning access to public information.

According to Alejandro Ferreiro, all indications are that the matter will be taken up by the Chamber in March, once it has completed work on the probity bill now under discussion. The idea of legislating on the latter has already been approved and means a modification of the basic law on government administration.

Attack on Corruption

When the president presented the bill on access to information to the president of the Chamber of Deputies in 1995, it was put forth as part of the challenge to defend, promote, and strengthen public ethics binding the government and society as the best antidote against corruption.

Chile has far less corruption than one sees in other countries, where democracy faces a serious threat, President Frei said on the 100th anniversary of the creation of the Government Defense Council in December 1995. However, on that same occasion, Council Chairman Luis Bates observed a number of alarming situations based on the elements involved and a sustained increase in the number of such cases.

Bates said a number of "situations darkened the horizon" of the current political scene, situations "requiring that oversight agencies such as the CDE [State Defense Council] separate the wheat from the chaff."

For all these reasons, when President Frei sent his Transparency Law to the legislature, he said this could only be achieved by giving our citizens access to documents now in the hands of the government administration.

Change in Thinking

In the opinion of attorney Ferreiro, this type of law exists in only some 20 countries, most of them in the north, in addition to Canada and the United States. No Latin American nation has such regulations.

The proposal is a clear demonstration of the government's own unusual determination to achieve transparency. The government would also benefit from greatly increased efficiency.

Nevertheless, Ferreiro said, the proposal will probably face opposition in groups accustomed to a posture of secrecy and reserve and "the feeling that they own information."

Those benefiting the most would be journalists, universities, research centers, and nongovernmental organizations, the adviser said, because "rather than being a matter of whim," access to documents "would become every citizen's right."

Colombia

Colombia: Judicial Authorities Identify DEA Witness

PA2102231096 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 21 Feb 96

[From the "National Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision at 1830 GMT 21 Feb]

[FBIS Translated Text] Colombian judicial authorities have identified Maria, the mysterious DEA witness. She is the former secretary of Elizabeth Montoya de Sarria, who was murdered recently, and her husband, Jose Sarria, who is in prison.

The Prosecutor General's Office will use the information Maria will provide in the case against former Minister Fernando Botero. A copy of an interview the secretary of the Sarria couple has granted to THE MIAMI HERALD has already been delivered to the Accusations Committee in the case against President Samper.

The Prosecutor General's Office is considering the possibility of asking U.S. judicial authorities for a sworn statement from Maria. So far, this woman has said she has witnessed how drug trafficking money was delivered to the past presidential campaign and has linked congressmen and other public officials whom Colombian judicial authorities are investigating.

Maria has been the main source of information of U.S. Senator Jesse Helms, the promoter of the decertification of Colombia; thus, she would become, as Guillermo Pallomari, another key witness for the Prosecutor General's Office and the Supreme Court of Justice.

Meanwhile, Prosecutor General Alfonso Valdivieso today sent a letter to U.S. Ambassador Myles Frechette outlining the work of the Colombian judicial authorities to fight drug trafficking.

On the eve of the U.S. decision on whether it will certify Colombia's struggle against drug trafficking, the prosecutor general said the United States must consider the significant progress his office and the judicial authorities have made.

Valdivieso's letter to Frechette insists on the importance of maintaining judicial cooperation between Colombia and the United States.

Never before has there been a situation in Colombia so favorable for multiplying our efforts and acting with awareness, the letter states.

Colombia: Ex-Presidents Ask Clinton for Certification

PA2202120096 Santa Fe de Bogota EL TIEMPO in Spanish 21 Feb 96

[Received via Internet]

[FBIS Translated Text] Former Liberal Party presidents Alfonso Lopez, Julio Cesar Turbay Ayala, Victor Mosquera, Cesar Gaviria, and former Conservative Party president Belisario Betancur have addressed a letter to U.S. President Bill Clinton underlining the serious economic consequences that decertification in the counterdrug fight would have on Colombia.

According to the former Colombian presidents, the public force's success in the "eradication, seizure, and destruction of laboratories, the capture of drug traffickers, and the attainment of other objectives outlined in the Vienna Convention all lead us to believe that the country deserves to be certified."

The letter is not signed by also former Conservative president Misael Pastrana Borrero, who underwent a surgical operation in the United States recently.

We are addressing ourselves to you as former presidents of one of the Western hemisphere's oldest democracies.

Although the country experiences particularly complex internal political circumstances, we are firmly convinced that our institutions are strong enough to keep finding and applying solutions strictly according to a state of law. The Constitution provides mechanisms for finding a solution for the delicate political situation. Consequently, we believe that the neutrality policy expressed by White House and Department of State spokesmen is very appropriate and the one that best suits the commitments made in the OAS and the United Nations frameworks.

In the counterdrug front, the public force's success in the eradication, seizure, and destruction of laboratories, the capture of drug traffickers, and the attainment of other objectives outlined in the Vienna Convention all lead us to believe that the country deserves to be certified.

The drug phenomenon is clearly transnational. It is evident that, to cope with it, a coordinated response from the international community is required. This view was accepted by the 34 heads of state who participated in the Miami Summit and who approved adopting a counterdrug strategy for the hemisphere. Decertifying Colombia would weaken the country in the face of organized crime and would very negatively affect international cooperation in the counterdrug struggle. The flow of investment, trade, and outside financing could diminish significantly and hundreds of thousands of people both in Colombia and the United States could be left jobless.

For many decades, the relations between Colombia and the United States have been cordial and constructive. This should not be surprising if we take into account that the political and economic systems of the two countries are based on similar principles. We are sure that you, Mr. President, will make a wise decision taking the two countries' common interests into consideration.

Yours truly,

[Signed] Alfonso Lopez (1974-1978), Julio Cesar Turbay (1978-1982), Victor Mosquera (1981), Belisario Betancur (1982-1986), and Cesar Gaviria (1990-1994).

Colombia: Businessmen To Travel to U.S. on Certification

PA1902143796 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 19 Feb 96

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Colombia will renew its efforts to obtain U.S. certification with the trip a group of business leaders will make to Washington to meet with officials of the U.S. Government and Congress.

Members of the National Business Council [Consejo Gremial Nacional] have reiterated their confidence that the United States will recognize the country's struggle against drug trafficking and grant a favorable certification. Representatives of the main production associations will travel to Washington to ensure that Colombia's efforts against that crime are clearly recognized.

For Hernan Puyo, acting president of the ANDI [National Association of Industrialists], the least Colombia can expect is that the United States will recognize the permanent struggle against the drug cartels and organized crime.

Colombia: Justice Minister on House Arrest, Secrecy

PA2102173996 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 21 Feb 96

[Telephone interview with Justice Minister Carlos Medellin by news director Dario Arizmendi, Judith Sarmiento in Santa Fe de Bogota, and correspondent Diana Montoya in Miami on 21 February — live]

[FBIS Translated Text] [Arizmendi] We greet Justice Minister Carlos Medellin. Dr. Medellin, good morning.

[Medellin] Good morning, Dario.

[Arizmendi] Very well, sir. You are very kind. What is the purpose of the government initiative on the scope that the house arrest program would have?

[Medellin] Very well, Dario, I thank you for granting me the opportunity to explain the topic. The purpose is to regulate an institution that exists in Colombia, meaning house arrest. I explain that house arrest may entail a benefit for cooperating with Colombian justice officials or an arrest program based on the prisoner's personal qualities and background. The issue is not regulated in Colombia; we want to regulate it. Obviously, in each specific case, the implementation will be at the exclusive purview of justice authorities — meaning the Supreme Court of Justice, judges, and prosecutors.

[Arizmendi] If this is not regulated, then why is Mr. Santiago Medina under house arrest?

[Medellin] No, because the law allows this. The law nowadays indicates that house arrest can be granted as a legal benefit for cooperating with justice authorities, but there is a vacuum. There is a vacuum on how to carry out the visits, arrivals, departures, permits, and authorizations to speak with the media. There is a great legal vacuum, but this does not mean it is prohibited. It is authorized, but it is not sufficiently regulated. What we are doing is fulfilling our obligation to regulate the laws specifically in the cases dealing with house arrest.

[Arizmendi] Dr. Medellin, certain sectors claim Santiago Medina, President Ernesto Samper's former campaign treasurer, will be out of the country — possibly in the United States — in two or three months if there are no regulations concerning the departure of persons who are currently under house arrest through a concession from the Prosecutor General's Office or any competent judicial authority. How can we interpret this?

[Medellin] No, the possibility depends on the judicial authority — in this case the Prosecutor General's Office. I have no information about this possibility, but we must not forget Mr. Medina is a witness in a trial, and he is also being investigated in connection with a crime. Therefore, that benefit of entering the Prosecutor General's Office witness protection program or the United States at a given moment, is applicable for witnesses of crimes. He is a witness, and he is also being investigated in connection with a crime.

[Arizmendi] But, really, if the Prosecutor General's Office determines it, could he leave the country in a temporary or definite manner?

[Medellin] The witness cooperation program is foreseen by the law, and the Prosecutor General's Office has the authority to determine this. This would be a judicial decision in which the government has absolutely no interference.

[Arizmendi] Mr. Minister, the number of persons with immunity affected by preventive measures from the Supreme Court of Justice and the Prosecutor General's Office has increased, and it seems that this number will continue to increase. The initiative to establish a special place to confine them still stands?

[Medellin] Well, we have unfortunately heard that the number of preventive arrests will increase. This is unfortunate for us, for the institutions and for democracy. Nevertheless, the penitentiary law, meaning Law 65 of 1993 — it has been in effect for several years — orders that special facilities be established for officials who are subject to preventive measures. If it involves a sentence there is no problem; if it involves a sentence it is an entirely different story, but if it involves a preventive arrest while the official is investigated, and if it involves officials with immunity, or if it involves officials elected by the people, the 1993 law indicates the state must create special facilities to confine them.

These special facilities do not exist, and I instructed the INPEC [National Prison and Penitentiary Institute], in the most recent directorate board meeting, to proceed with preparations in case the facilities are needed today, tomorrow, in a year, or in 10 years. Colombia needs this, and the law orders it, so it will be done.

[Arizmendi] Mr. Minister, you say that if it involves a sentence it is an entirely different story. Does this mean that if any of the people currently involved in the so-called Case 8,000 are sentenced tomorrow they would have to serve time in a normal prison.

[Medellin] Like any Colombian.

[Sarmiento] Dr. Medellin, excuse me for insisting on the issue of Santiago Medina, but you have personally talked about his dual condition — he is a witness and he is charged with a crime. Could the Prosecutor General's Office apply a witness protection system, disowning the fact that he is charged with a crime? Would it not be violating a legal provision by allowing someone charged with a crime to leave the country?

[Medellin] Look, I base myself on respect for legal decisions but, personally speaking, if he is charged with a crime and if he is being investigated in connection with a crime, the trial benefit of joining a witness protection program does not apply. Even though he is the witness to a crime, justice must also determine whether or not he perpetrated a crime, because the whole country knows he is being invetigated in connection with a crime. Personally speaking and, I repeat, with due respect for all the decisions adopted by judges in Colombia, this cannot be done.

[Arizmendi] Mr. Minister, Botero has expressed concern, as expressed by his lawyer, that transferring him from where he is being held to a prison would be a death sentence. He makes you directly responsible, because he is not saying the Prosecutor General's Office is thinking about this, but that you, the justice minister, are thinking about this, organizing this, or deciding this situation. What do you have to say?

[Medellin] Mr. Botero's tranfer is up to Prosecutor General's Office. The Prosecutor General's Office authorized for him to be put under military custody, given that he is a former defense minister. The national government could not on its own, in an autonomous decision, in this case by the Justice Ministry or any other ministry — the ministry cannot decide it either because it is the responsibility of the INPEC — order his transfer without an order from the judicial authority, in this case by the Prosecutor General's Office.

I made this known in a very brief communique yesterday so I do not know if I... [pauses] I can tell you that his letter does not talk of the house. He says that the government is thinking about transferring him to a prison establishment with unfavorable conditions for his security. He is not talking about a house. So when he made the demand he probably did not have the information that the Colombians today have about house arrest.

[Arizmendi] When will the government decree on house arrest be issued?

[Medellin] We hope it will be issued sometime this week.

[Arizmendi] At that time, will the decision on Botero's transfer depend on the Prosecutor General's Office or the circumstances established by the decree?

[Medellin] The circumstances and the Prosecutor General's Office; in other words, the Prosecutor General's Office would have an additional tool to make its decisions. The judicial authority's decision would depend on the personal circumstances and other types of things. The spirit of house arrest is that given the personal circumstances of a detained individual, his appearance before the judicial authority investigating him will be guaranteed. In other words, that he not flee from the administration of justice. Therefore, a court, a judge, or a prosecutor makes the decision and it is up to the government to respect that decision.

[Arizmendi] In other words, the government would be facilitating things so that, if the Prosecutor General's Office so approves, Botero's apartment can be used as his jail?

[Medellin] If that is the decision of the judicial authority, we cannot but respect it.

[Arizmendi] But then you share the concerns expressed by the defense minister, the commander of the Military Forces, the Army commander, and the retired officers with regard to vacating the military garrisons for the people who are requesting to go there when they are being taken into custody?

[Medellin] The truth is that the military installations are not designed as jails. They are designed to house the officers who have the responsibility of maintaining public order. The Army commander was commenting to me that the officers who come from taking care of the public order situation in the mountains go to the military clubs. If the clubs cannot be used, the officers do not have a place to rest. They are right.

[Arizmendi] Not to mention the contamination that can take place.

[Medellin] Excuse me?

[Arizmendi] Not to mention the type of relations or contamination that might be established there?

[Medellin] No, Dario, the problem is that since the club becomes a detention facility, it is not used by the officers. Now then, the police installations that are being used [words indistinct] sites where the security of detained individuals who have immunity or are legislators, that is also our obligation. But the policemen should be in the streets, protecting the people. An entire police station should not have to be available to guard legislators. We are doing it. It is our obligation, and we will continue to do so. I am not announcing that they are going to be placed on the streets tomorrow. But we are preparing an establishment so that these people will be held there.

[Arizmendi] Minister, what institutions or organizations will be in charge of protecting those special prisoners and what capacity does the Colombian state have to assume that responsibility?

[Medellin] It has every capacity. The institutions are the Public Force and the INPEC. The regulations establish that, given the special conditions of an individual under detention, the judicial authority can request the cooperation of the Public Force or the INPEC so it can take control and custody of these individuals. The state has to fulfill its duty. If the judicial authority requests it, we will do so.

[Arizmendi] Explain to the country what happens to the house jail [casa carcel] of the Modelo Prison? It is supposed to be a special place to hold these types of individuals.

[Medellin] Yes, unfortunately it is a very small house. It is supposed to hold a much smaller number of individuals than those currently being held there. It is crowded. Its occupancy is more than (?200) percent over what it was meant to hold. Unfortunately, that prosecutor's house [casa fiscal] does not work.

[Arizmendi] Mr. Minister, how many rooms or arrest sites will be established by the Justice Ministry for these special persons?

[Medellin] I have no details on that because this is being handled by the National Prison and Penitentiary Institute [INPEC], which is responsible for this. However, at this moment there are Prosecutor's Houses at La Picota National Penitentiary, but unfortunately they have deteriorated and now we have to refurbish them. There are 50 Prosecutor's Houses there, and we are going to refurbish them.

[Arizmendi] How soon will they be ready? Will they be enough, considering the information the government has at this point?

[Medellin] As a Colombian and as a democratic person, I hope they are enough. Each should be able to house two or three persons. I hope they are enough. I think they will be.

[Arizmendi] Are they comfortable and adequate?

[Medellin] They are comfortable and adequate for people who are under arrest but whose situation has not been established and who deserve, of course, respect and care from the state. This is our legal obligation, and we are going to fulfill the law.

[Arizmendi] Many people believe that once the houses are refurbished they will be occupied by people such as Santiago Medina, Fernando Botero, and others.

[Medellin] This would be a decision of the judicial authorities, and we have no different option. Our obligation is to enforce the judges' decisions.

[Arizmendi] Will the measure that regulates house arrests serve as grounds for other measures?

[Medellin] In this regrettable case of drug-trafficking money in the political campaigns, the justice minister must grant to the judicial system the impartiality and freedom-of-action necessary to strengthen judicial systems, whatever they might be — the Accusations Committee, the Senate, the Courts, and the Prosecutor General's Office. We are working on all that has to do with this strengthening, which may involve the Prosecutor's Houses, house arrests, and other measures that serve to give assistance because it is our obligation to strengthen the judicial system so that Colombia may file swift decisions and verdicts and keep on going.

[Arizmendi] What measures would these be, Mr. Minister?

[Medellin] I will inform you at the right moment.

[Arizmendi] There is a legal controversy over the issue of the confidentiality of proceedings. There has been a ruling on an article of a statutory law on the justice system and, according to this ruling, the debate or process against the president and against officials who have privileges, is of a political and public nature. What is the government's position on this?

[Medellin] The bill the government introduced to lift the confidentiality of proceedings status represents the government's position. We maintain that, in this article of the statutory law, the Constitutional Court establishes the public nature of the trial.

[Arizmendi] This means that the government fully agrees with this position of the Constitutional Court and that if it was up to the government, the summary proceedings secrecy could be lifted this very day?

[Medellin] No, not today, for a simple reason: We do not know the definite text of the Constitutional Court ruling, and not only this: Once the Constitutional Court decides on the statutory law, this law must be approved by the president and the justice minister so that this law may have legal effect. At that moment the law will have legal effect and then we have to examine the text, or article, and the ruling, to be able to make a decision.

We know this is a tedious and extended task the Constitutional Court has to perform. We do not know what the official ruling is, and as long as we don't know it and the law has not been approved, it is not in effect in Colombia and we have to maintain the bill that calls for lifting the confidentiality of proceedings.

[Montoya] Whatever comes first. If the statutory law sanction comes first, the bill that has been presented could be withdrawn?

[Medellin] I could not get ahead of events and say what will come first. We would like to be able to see the ruling and see the text of the article to decide whether or not the bill is necessary or not. I would dare guess that the bill will be necessary anyhow, but I do not want to get ahead of the Court ruling. I want to wait. I do not want to create confusion among the people with this issue until I know what the ruling is, and until the bill is sanctioned by the president of the Republic.

[Arizmendi] Mr. Minister, faced with a legal controversy regarding this issue, who decides if the investigation being conducted by the Accusations and Investigations Committee of the Chamber of Deputies is a juridical or political trial of the president, or both at the same time?

[Medellin] The situation has become, pardon my expression, so entangled that I believe that, fortunately, we are conducting a thorough investigation. [indistinct words] important for the country, because there is so much confusion, or so much confusion has been created intentionally, that I would not be surprised if one day they say that the Accusations Committee does not exist, or that Congress does not have judicial functions. Of course, Congress has judicial functions. The law contemplates those functions. The president of the Republic is investigated by the Chamber of Deputies and the Chamber decides whether or not to accuse the president.

The Senate decides whether it accepts or does not accept the accusation. If it is a common crime, it goes to the courts. If it is a crime regarding the carrying out of his functions, it goes to the Senate, which acts as a judge. That has always been very clear. Judith studied law, and she knows that that has always been clear.

[Arizmendi] That is, from the juridical point of view, Mr. Minister?

[Medellin] However, today [words indistinct] the trial of President Samper is so entangled that everything is relative and questionable.

[Arizmendi] Mr. Minister, the court's point of view is that the general norm indicates that congressional hearings should be made public, unless there is a specific legal restriction. Do you believe that currently there is a specific legal norm to maintain secrecy in the Accusations Committee in the Chamber of Deputies?

[Medellin] With all due respect, I believe there is a legal norm that establishes that all trials of high-ranking public officials are public. This is a public hearing, because it is the congressmen who are judges. The person being investigated is a public figure — the [indistinct word] president. That is a public position. That means that the hearings can be made public. However, the crux of the matter is that the evidence is part of other investigations and may involve persons who may not have immunity, who may not have those kinds of privileges.

I believe that for the sake of a fair investigation by the Supreme Court, or the Prosecutor General's Office, when the evidence affects, or when the evidence is a part of another person's investigation — given the attributes of presumed innocence, the right to secrecy, honor, etc. — I believe that secrecy must be maintained in these cases because we are talking about other investigations. With regards to the president of the Republic, it should be made public.

Since the evidence has already been made public, and because every day additional evidence is leaked to the media — because all of the evidence is leaked, not just a part of the evidence.

[Sarmiento] Then, according to what you have just said, Mr. Minister, in practice, even if the government's proposal to lift secrecy were approved, there are many things which could not be touched upon because many of them belong to other investigations in Case 8,000?

[Medellin] Yes, Judith, I believe that is correct. I am concerned [words indistinct] as I said, is to strengthen the actions of the judges. I believe that the investigations of other people being conducted by the Supreme Court of Justice and the Prosecutor General's Office must be handled very carefully to respect the constitutional rights of these people.

[Arizmendi] Mr. Minister, you mentioned the leaks of a great part of the evidence, not of all the evidence. Above all the evidence that is unfavorable to the president of the Republic. Do you share the concern and do you affirm, as the president's lawyer Luis Guillermo Nieto Roa affirms, that it is the Prosecutor General's Office, not the prosecutor general, that is leaking some of that evidence?

[Medellin] I do not have that information. As justice minister, I would not dare to make such an affirmation against a judicial authority.

[Arizmendi] Mr. Minister, in the government's opinion, why is this evidence being leaked?

[Medellin] I think that is a very good question, Dario. I believe we would have to ask who the individuals are that handle the evidence. Which persons have access to that evidence? There is the judicial authority, that is very concerned regarding this issue, I know this to be true. There is the person being prosecuted, and there are the lawyers. These are the only people who have access to that evidence. We do not have to question many people about the evidence. However, that is also an issue which depends on, or lies within the jurisdiction of the judicial authorities.

[Arizmendi] Mr. Medellin, but in the specific case involving the leaks about the president and the documents presented by the Prosecutor General's Office, the attorney himself is not familiar with the documents, but the media is. Could the documents have been leaked by an entity, which most of us are afraid to report?

[Medellin] Well, I do not know. The truth is that you have zeroed in on a very important point. Since you receive the leaks, you could probably do justice a favor by commenting on the origin of the evidence. I know that you owe respect to your sources. But the truth is that the media airing of evidence, investigations, and testimonies is a disservice to the justice system. I understand that the public has the right to know, and you have the duty to inform, but it is, in all honesty, inconvenient for the justice system. According to the spirit of that law, if evidence from a public case is being selectively leaked, then it is in the best interest of the country to release it completely.

[Arizmendi] Could the government or the Justice Ministry, our legal authorities, do something about investigating, punishing, or finding out the truth in such a way that the media's cooperation is not solely voluntary but, instead, an investigation is made and the media is compelled to turn over its evidence?

[Medellin] We should balance two laws: the confidentiality of proceedings and freedom of speech and, of course, the media's right to report. To tell you the truth, I believe that the judges, the legal authorities, should handle evidence much more carefully. The ministry has always given the legal authorities everything they need to make sure there are no leaks from the president' case and all other legal cases. I have personally spoken with the legal authorities on the matter and asked them what they need. I have asked if they need security or additional resources so these things do not happen. The Justice Ministry would have that option and duty with judges and public prosecutors. But, of course, I would not, nor would I have even considered investigating the media.

[Sarmiento] Mr. Minister, our colleague Diana Montoya, from Caracol's information center in Miami, would like to ask the next question. Diana, good morning.

[Montoya] Good morning, Judith. In the midst of all the confusion about evidence being reported and some not, about some news media having access to documents and others not having it, would you agree, as far as I know, to having all the debates in the Accusation Committee on the president's case broadcast on public television channels so everybody can watch them? That way, it will become harder to leak information to the media when everybody is able to watch the debates.

[Medellin] I agree, and the president agrees. He said so during his speech at the National Congress. There is a bill on this. The president has been emphatic about it despite the fact that he is the one being criminally investigated. He has requested that everything be made public, the evidence be made public, and the debates be broadcast. I believe this is evidence of the president's innocence.

[Sarmiento] Justice Minister Carlos Medellin, we appreciate your kindness to the listeners of Caracol. We have been talking these past 30 minutes about so many important points and the case the country is facing. [Words indistinct] and have a good day.

Colombia: Editorial on Samper's Statements to U.S. Daily

PA2202012596 Santa Fe de Bogota LA PRENSA in Spanish 20 Feb 96 p 6

[Editorial: "He Knows Nothing About Dignity"]

[FBIS Translated Text] The statements Ernesto Samper made to "All the News That's Fit to Print" ("All the News That's Fit to Print") [previous seven words published in English] barely prompted a minor response in Colombia. The fact that the president is insinuating that he is seeking a dignified solution is not exactly what we wanted to hear. The issue of drug trafficking money and Samper has made a swift turn favoring the trial, in which the president's stay in prison is likely. This probably makes him be somewhat anxious, making him utter phrases out of his subconsciousness, his lack of conscience, or something like that, even in these times of Freudian revisionism.

The truth is that Samper's statements to THE NEW YORK TIMES could not be any clearer. The fact that he is seeking a way out, but that he does not know for when is an insinuation that deserves a front- page headline in the Sunday edition of the New York daily, which is the most nationalistic daily in the United States. The headline and the report limited themselves to include what was part of the tape the Palace made public. This is why Samper's response to his own words deserves nothing more than a cold acceptance that a world renowned professional liar once more denies what he said. It is the reaffirmation of the Ernesto Samper everybody knows, including major dailies.

The fact that Samper is seeking a dignified solution would be nothing more than a dignified gesture contrasting with the pestilence that has surrounded his actions for some time now. The country is willing to offer him a dignified way out. However, Samper has a notion of dignity that contrasts with that of good Colombians. Ernesto Samper prefers his tricks, his conspiracies, his complicity with the Accusations Committee, which was openly bought with posts and perquisites. It is a prevaricating Committee in charge of making possible for Samper and his lawyers whatever they order. This is the acquittal and the dignity Samper is seeking, the blessing of Heyne Mogollon and his henchmen, the canonization of the Liberal Party and the narco-politicians who are the majority in its bloc.

The country is fed up with euphemisms: dignified solution, natural judge, due process, rectification. The country is aware of Samper's two faces and knows his words and their meaning. It is aware of his tricks, and, nonetheless, it is willing to open the door of a dignified solution for him. The country understands that his guilt is so evident, so obvious, the door of a legal solution is a spectacle the nation is not ready to stomach. We Colombians believed that Samper could leave in a dignified fashion even after the farce of mounting a political trial in Congress. However, the Constitutional Court just reminded us that Samper must respond, penally speaking, to the Supreme Court of Justice, which is neither a nest of Mogollons, nor Cancinos, nor Nieto Roas.

Colombia: Columnist: Resignation Would Be 'Logical'

96SM0105A Santa Fe de Bogota EL TIEMPO in Spanish 15 Feb 96

[Commentary by Enrique Santos Calderon: "The Elephant in the House" — received via Internet]

[FBIS Translated Text] No one can deny President Samper the right to defend himself. That would be the last straw. His attempting to govern and to defend himself at the same time is a different matter.

The anxiety being aroused by the situation of a country whose chief executive will be engaged in coping with an unprecedented judgment in Congress is not unfounded. That is why, three weeks ago, the nation's 18 most important economic associations requested that Samper resign temporarily from his leadership position so as to deal full-time with the emerging judgment.

It is also why several members of the Church hierarchy, headed by the president of the Bishops Conference, have just recommended that he do the same for the sake of the country's well-being. And it is the reason that the National Conservative Directorate, in turn, joined in the request of Monsignor Rubiano and other bishops advocating that Samper take a leave of absence.

It would be the logical thing. I cannot recall a president in the nation's history who has subjected the country to such an eroding process. Take for example President Lopez Pumarejo, who resigned in 1945, without any judgment or charges against him, when he felt alone, and realized that his presence in the Palace was not resolving the crisis being experienced by the country at the time, but rather was complicating it. It is also fitting to recall General Rafael Reyes' resignation in 1909, when he thought that the country was in a state of ungovernability.

But President Samper thinks otherwise: his way is different. In response to the bishops' suggestion, he notified Monsignor Rubiano that he would not accept the request for a temporary resignation, because he could not set the precedent for allowing any suspicion or accusation directed by anyone against the president to require his resignation from the post.

As if this were just any suspicion or accusation. As if we were not talking about the worst scandal and the most serious presidential crisis (admitted by Serpa himself) of the past 50 years. As if the entry of 6 billion pesos from the drug traffic into the victorious presidential campaign, and the implications of all kinds entailed by this fact for a country such as Colombia, were no obstacle.

As if there were no "narco-cassettes," imprisonments, and confessions from Medina and Botero, nor the tape recording and subsequent murder of Elizabeth de Sarria, nor the attack on Cancino and the death of Alvaro Gomez, nor Heyne Mogollon's investigation, nor the withdrawal of the Conservatives from the government, nor the resignations of ambassadors and ministers, nor the "narco-rider," nor the foreign press editorials. As if there were no statements from Mauricio Montejo and Maria Izquierdo, nor Monteria's small plane, nor Serpa's trip to San Andres, nor the petition for resignation from business owners and bishops, nor warnings from Washington, nor receipts totaling 3.1 billion pesos in the regional treasuries.

As if these and so many other events that have been appearing before a country that is astonished and crushed (so much so that it seems numb at times) were insignificant or isolated episodes. As if they had nothing to do with the crisis surrounding the president, or were all a result of slander and lies.

Samper's capacity for endurance is truly admirable: the alligator skin that he comes out with, the way in which everything washes over him, and the indifference shown to minimize the seriousness of the acts or to pretend that they do not implicate nor concern him at all.

Not to mention the insolence of some of his most zealous defenders, who consider it a monstrosity that the president should be thought hardly able to govern and to defend himself simultaneously, when faced with such a flood of documents, tape recordings, and testimony. Or those who order the Church to be silent, like the Senate president who (what a coincidence!) is ready to channel into his department of Sucre budgetary appropriations of which he was the manager, in the moderate sum of 8 billion pesos.

But we should not be surprised that the loyalty to Samper has been influenced, in the public and private sectors, by the sinecures and favors that the high levels of government can dispense to its defenders or spokesmen. Ex-Minister Hommes has already mentioned tax advantages totaling 20 billion to the economic group that most supported him. We have already learned about the official loans to the new foreign trade minister. The resigned vice-comptroller, Miguel Gomez, has already charged that, on the eve of the judgment in Congress, "the most shameless bureaucratic distribution ever recalled by the republic" has begun.

However, amid so much cynicism and brazenness, the comfortable indifference of some, the weary indignation of others, and the weakness of those who believe that nothing will happen, the voice of the Church has been needed.

As a moral guide of millions of Colombians, the Church could not be absent, much less silent, regarding this crisis. Therefore, what the bishops have said is as timely as it is stimulating and necessary.

Particularly the remarks of the top-ranking member of its hierarchy, Monsignor Rubiano Saenz, when he asserts that the country is convinced of the presence of "narco-money" in the campaign, and that a moral certainty cannot always be confirmed legally, but, "when an elephant intrudes in someone's house, he has to see it." It could not be more clearly stated.

All that is needed now is to hear the prosecutor general's voice.

Colombia: Bank Involvement in Money Laundering Noted

96SM0108A Santa Fe de Bogota EL TIEMPO in Spanish 15 Feb 96

[Received via Internet]

[FBIS Translated Text] The agency [Prosecutor General's Office] claimed that, for a year and a half during the last electoral campaign, the Cali Cartel made countless payments through bogus companies by using the financial system.

Yesterday, the Prosecutor General's Office severely questioned the financial system concerning its passive attitude toward the laundering of dollars, and requested that it reinforce its controls to prevent this crime.

Prosecutor General Alfonso Valdivieso told the bankers and representatives of the financial system who participated in a forum on the laundering of assets: "If there is any sector that should cooperate and vindicate itself in these activities, it is the one that you represent."

The vice prosecutor general, Adolfo Salamanca Correa, for his part, remarked that the payments made by the Cali cartel during a year and a half of the political campaign were executed through bogus companies that used the financial system without its knowledge.

The official commented: "The comparison of addresses would have sufficed to prove that those companies were non-existent."

He revealed that the Prosecutor General's Office has in its possession immense lists of accounts opened in the financial system with false identification documents during the last electoral campaign.

They went so far as to open accounts with 10,000 pesos and, immediately afterwards, sums of 1 billion or more were moving through them.

Salamanca charged: "They cannot convince me that these acts were committed without the consent of the officials in the financial system, unless there was a desire to coexist with crime."

Valdivieso claimed that the drug traffickers' money can be moved not only in checking or savings accounts, but also through deposits in in escrow, bonds, CDT [Fixed-Term Certificates of Deposit], or stock shares.

The two officials from the Prosecutor General's Office agreed on the need for breaking up the economic power of the criminal organizations, so as to cut the umbilical cord connecting them with Colombian society.

The president of Asobancaria [Bankers Association], Cesar Gonzalez Munoz, admitted that the financial system is not totally innocent.

Nevertheless, he claimed, although it is true that, as was noted in the past, incidents occurred wherein certain officials behaved contrary to law, this does not mean that it was done with the consent of the financial establishment.

Gonzalez remarked: "I also would have to berate the Prosecutor General's Office, because it has failed to set up the technical facilities that would enable it to curb the laundering of assets."

Anti-Laundering Strategy

At the forum organized by Asobancaria, Bancafe [Coffee Producers Bank], and the Prosecutor General's Office, the government launched a strategic plan to combat the laundering of assets.

Justice Minister Carlos Medellin revealed that, besides freezing the assets of foreign business firms, the government will sign agreements to combat smuggling with the bordering countries. Furthermore, drug traffickers' assets will be frozen through the annulment of ownership, and the profiles of suspicious operations will be defined.

The plan calls for a "financial intelligence" center, to be located in the Finance Ministry, which will channel the information collected by government agencies regarding the methods used by the criminals (drug traffickers, guerrillas, and corrupt persons) to launder the proceeds from their illicit activities.

Medellin announced that the government has already submitted a bill to Congress for regulating the confiscation of the proceeds and goods used for money laundering, so that the State may use them and not be engaged solely in managing them.

Colombia: Defense Minister Rules Out UN Force for Uraba

PA2002155096 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 19 Feb 96

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] [News director Dario Arizmendi] Moments ago, Defense Minister Juan Carlos Esguerra Portocarrero inaugurated the Colombia lecturing room [Catedra Colombia], an initiative of General Manuel Jose Bonett Locarno, director of the Higher War College. Before that writer German Arciniegas delivered a lecture entitled: The Military Forces in the 21st Century.

The minister is now speaking about the legal state and the public force. There in the Colombia lecturing room in the Fatherland Theater [Teatro Patria] is Caracol reporter Carlos Gomez Herrera. Good morning, Carlos.

[Gomez] Good morning, Dario, Caracol listeners. Defense Minister Juan Carlos Esguerra Portocarrero is now speaking about the country's situation. He has also referred to reports that the situation in Uraba is out of control. For example, Antioquia Governor Alvaro Uribe Velez has spoken about the need for foreign troops to bring peace to that area of country.

Let us listen to Defense Minister Juan Carlos Esguerra Portocarrero's response to statements by the governor and the auxiliary bishop of Uraba, who favor the presence of foreign troops in this part of the country.

[Begin recording] [Unidentified reporter] The Antioquia governor has proposed that a multilateral force could be brought in for the Uraba region because of this situation. Have Colombian military forces not been able to deal with the Uraba problem?

[Esguerra] With all due respect, I believe that the proposal by the Antioquia governor is unconstitutional, to say the least. It is unconstitutional because it basically goes against Article 216 of the Constitution, which clearly states that Colombian military forces and the police have the exclusive power to exercise public force. In other words, these are the organizations tasked with enforcing state power to ensure public order and citizens' tranquility and security. No way would foreign or international forces be able to play that role in Colombian territory.

[Reporter] What will you do in Uraba, then?

[Esguerra] We must continue doing what we are doing: Taking great pains and dedication and trying to convince Colombians about the need to extract violence from the depth of our souls. With the support of the Colombian public forces — police and military forces — we must see how we can pacify this region. In addition, with the support of area owners, workers, and members of the various union and political organizations, we must see if we can manage to smooth out the differences between them. The positions that some of them want to put across, the predominant views that some try to exert within union organizations, can be achieved through democratic paths and consequently through nonviolent means. [end recording]

[Gomez] Defense Minister Juan Carlos Esguerra Portocarrero has also said that he has no information on the rumor that circulated in the past few hours about the possible retirement of Gen. Hernando Camilo Zuniga Chaparro, military Armed Forces Commander General. The general himself told Caracol: I do not know who is interested in removing me from my job. I will remain here until the president of the Republic decides otherwise.

Colombia: Military Opposes Foreign Troops Presence

PA2002175596 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 19 Feb 96

[From the "National Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 1830 GMT on 19 February]

[FBIS Translated Text] The Superior War College today inaugurated its new Colombia Chair. During the event, two current burning issues came to the fore, namely, the proposal by the Antioquia governor that foreign troops should come to Uraba, and the use of military garrisons as prisons.

[Begin recording] [Reporter Gloria Tisnes] The military does not want politicians who are under arrest to be held in their garrisons. Although they had informed the Prosecutor General's Office of their opposition to the idea last week, the generals told Defense Minister Juan Carlos Esguerra today.

[Army Commander General Harold Bedoya] If we do not have sufficient troops to protect the borders and the country, we should not be handling responsibilities that are beyond our purview.

[General Gabriel Puyana] We cannot allow any kind of delinquents in our ... [pauses] no matter what kind they are, in our garrisons.

[Esguerra] As an institution, the opposition to the idea is longstanding.

[Tisnes] Esguerra and the military took advantage of a function at the Superior War College to discuss the proposal of bringing foreign troops to Uraba.

[Esguerra] As defense minister, I cannot agree with the proposal of letting international or foreign troops, or foreigners of goodwill, perform a task that falls within the purview of the forces of law and order and that the Colombian forces of law and order must carry out.

[Bedoya] There will never be a foreign soldier in Colombia, usurping our sovereignty.

[Tisnes] The top military command stated that Colombia lost Panama when it allowed the presence of U.S. troops early this century. [end recording]

Colombia: President Rules Out Foreign Troop Presence

PA2102162096 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2100 GMT 20 Feb 96

[Report by Gerber Vega and Fabio Callejas Ramirez; from "Caracol's Quarter Hour" news brief]

[FBIS Translated Text] Narino Palace — President Ernesto Samper Pizano has just definitely ruled out the presence of foreign troops in the Uraba region, Antioquia Department.

The president made the announcement in response to a question from Antioquia Department Governor Alvaro Uribe.

[Begin Samper recording] As the defense minister has said, the presence of foreign troops is a violation of the national Constitution [words indistinct] the governor has at this time because of the massacres that are taking place in the Uraba region. [end recording]

After closing the governors' meeting in Narino Palace, President Ernesto Samper Pizano told the governors that the best support they could give the government at this time of crisis is to continue governing in their respective jurisdictions.

[Begin Samper recording] Just as the national government has not stopped working for a single minute, just as we have not canceled our agenda, and just as we have not stopped doing the things we have to do to show the country the results we promised, I ask you to support the national government by governing and carrying out your duties. [end recording]

Finance Minister Guillermo Perry Rubio played down the importance of statements made by a business association, which has asked for President Ernesto Samper Pizano's temporary retirement.

This were some of the most important aspects of the governors' summit that has just ended in Narino Palace.

Colombia: Guerrilla Group Dynamites Oil Pipeline

PA1902035396 Mexico City NOTIMEX in Spanish 0106 GMT 19 Feb 96

[FBIS Translated Text] Santa Fe de Bogota, 18 Feb (NOTIMEX) — Army spokesmen reported that a guerrilla commando dynamited an oil pipeline in the northeastern area of Colombia this Sunday, and caused the spill of 3,000 barrels of crude oil.

The attack against the Colombia Oil Pipeline took place at the 129 km site in the oil installation located in Antioquia Department, approximately 270 km from Santa Fe de Bogota.

According to the source, the pipeline was destroyed by combatants of the National Liberation Army, an extremist group that maintains a "war" against the country's oil infrastructure in protest for the policy used in the exploitation of this natural resource.

The government-owned Colombian Petroleum Enterprise (Ecopetrol), reported that the Colombia Oil Pipeline every day carries approximately 150,000 barrels of crude oil from the country's central zone to the Caribbean Covenas port, which is the point of export.

The pumping, which was suspended Sunday afternoon, will be renewed when the repairs are completed, probably next Tuesday. According to the official report, the ecological damages were minor.

Colombia: ADC Suspends Talks With Government

PA1802235596 Santa Fe de Bogota EL TIEMPO in Spanish 16 Feb 96

[Received via Internet]

[FBIS Translated Text] The Cordoba and Uraba Department Peasant Self-defense Group [ADC], considered among the countries most organized armed groups, announced yesterday its decision to suspend its dialogue with the government.

The announcement was conveyed in a letter sent to President Ernesto Samper that was revealed through Radio Caracol Network in Medellin.

The ADC argued that its decision was due to the massacres of 11 workers Wednesday morning in Carepa Municipality, and the murder of five members of a family on the Cacahual road, in the jurisdiction of San Pedro, Uraba Department.

In the letter sent to the president, the ADC acknowledged Samper's desire to pacify the Uraba region and his invitation it to negotiate.

However, the ADC asked the president to understand its new determination to continue fighting the guerrilla forces. "Actions such as those taken by the FARC [Revolutionary Armed Forces of Colombia] on 10 February, wherein five members of a peasant family were killed on the Cacahual road, and the massacre perpetrated in Carepa municipality, impedes us from further dialogue with the government," the ADC says in one part of the letter.

In addition, the ADC expressed that it had a firm commitment to defend the people of Uraba from guerrilla attacks and that the demobilization of its forces would not contribute to peace.

"As long as the guerrilla forces show no interest in peace, the efforts of the government and the ADC to pacify this afflicted region will be useless," the ADC concluded.

The opening of a dialogue with the ADC was announced at the beginning of the year by Defense Minister Horacio Serpa. The first meeting between the government and ADC representatives took place on 23 January in an unspecified location in Antioquia.

Serpa officiated the first and only official meeting held. He was accompanied by two officials of the Defense Ministry; Jaime Jaramillo, executive secretary of the Peace Facilitating Commission, and two additional members of this organization created by the government of Uraba Department and four ADC representatives.

Although no document emerged from the meeting, nor was a date or agenda for a new meeting established, it was revealed that as a condition for further dialogue, the ADC asked for the implementation of a social and military policy in those areas that they would abandon after their demobilization.

Ecuador

Ecuador: Leoro, Tudela To Resume Talks in Quito 22 Feb

PY2102205696 Madrid EFE in Spanish 1546 GMT 21 Feb 96

[FBIS Translated Text] Quito, 21 Feb (EFE) — Ecuadoran Foreign Minister Galo Leoro and his Peruvian counterpart, Francisco Tudela, on 22 February in Quito will continue assessing the procedures to be used for future negotiations designed to solve the territorial dispute that has brought their countries to war.

Tudela and Leoro will meet 22-23 February in Quito. This will be the second meeting of the Peruvian and Ecuadoran foreign ministers during the past 50 years, to discuss issues related to the territorial dispute Peru and Ecuador maintain over a portion of land that lacks landmarks on the common Amazon border.

A spokesman of the Ecuadoran Foreign Ministry, who asked not to be identified today, told EFE that "it cannot be stated whether during this meeting (in Quito) they will finish assessing the procedures to tackle the territorial issue (...), because this is a long process."

The Ecuadoran Security Council, headed by President Sixto Duran-Ballen, during the past few hours discussed the upcoming meeting of foreign ministers which representatives of Argentina, Brazil, Chile, and the United States will also attend.

The aforementioned four countries are the guarantors of the Rio de Janeiro Protocol — the agreement which in 1942 established the border between Ecuador and Peru — and of the Itamaraty [Brazilian Foreign Ministry headquarters] Peace Agreement, which ended the war between Ecuador and Peru from 26 January until 28 February 1995.

Tudela, who will arrive in Quito at 1000 tomorrow, explained that, during this new round of negotiations, no concrete agreements will be reached and has confirmed that next Thursday [date not specified] he will meet with Duran-Ballen.

According to information datelined Lima, Tudela is scheduled to travel to Quito accompanied by Hugo de Zela, director of the foreign minister's cabinet; Pablo Portugal, Foreign Ministry planning director general; and Alfredo Chuquihuara, also of the planning directorate.

The Peruvian foreign minister's visit will take place three days after he revealed that the Lima Government rejected the Ecuadoran proposal to sign a nonaggression pact because it considers it to be an "ominous idea" for the international community.

On Monday, 19, Tudela recalled that war is banned by the UN Charter.

"In this sense, The UN Charter is the only nonaggression pact there is for almost 200 countries that signed it. If war is prohibited, how can two countries sign a pact to not do something that is already prohibited?" Tudela wondered.

According an Ecuadoran Foreign Ministry source, the nonaggression pact proposed by Ecuador "was merely a measure of confidence" regarding an issue already acknowledged by international organizations and which was also ratified by Ecuador and Peru on 6 October in Brasilia.

The source recalled that on that occasion Ecuador and Peru "renewed their commitment to not do anything that may harm the good, friendly relations between the two nations. That is practically like a nonaggression pact," he insisted.

The meeting of the two foreign ministers takes place 10 days after the chiefs of the Ecuadoran and Peruvian Armed Forces joint commands, General Jorge Ortega and Nicolas de Bari Hermoza, respectively, "embraced in a gesture of peace" at landmark No. 21 of the Ecuadoran-Peruvian border.

Despite the symbolic peace demonstrations by politicians and military men of the two countries, one year after signing the peace agreement Quito and Lima still have not tackled the "key issue" regarding the "subsistent impasses" to definitively demarcate the border line.

Diplomatic sources involved in the negotiations told EFE that they thought the delay in tackling the key issues was due to the Lima government's "lack of confidence" due to the closeness of the general elections in Ecuador, during which President Duran-Ballen's successor will be elected.

Ecuador, which merely said it will disclose its list of "impasses" "at the appropriate moment," fears, according to the source, that Peruvian President Alberto Fujimori does not have full control of the military apparatus and that it will not support him in the current peace process.

Ecuador: Leoro Says Tudela Remark Inappropriate

PY2102221896 Madrid EFE in Spanish 2013 GMT 21 Feb 96

[FBIS Translated Text] Quito, 21 Feb (EFE) — Ecuadoran Foreign Minister Galo Leoro said today he "is surprised" by the remark made by his Peruvian counterpart Francisco Tudela, who termed the Ecuadoran Government's nonaggression pact proposal "ominous."

"It is really surprising to me that that remark came from someone like him (Tudela), at a time when we are trying to strengthen peace. That term (ominous) is not really appropriate," said Leoro to the media.

Leoro said that the circumstances involving the peace process between Ecuador and Peru, which are in conflict over a territory without border markers at their common Amazon region, "allows them to think of some kind of measure." This is how Leoro justified the Ecuadoran proposal for a nonaggression pact with Peru.

He added: "There is no need to say war is prohibited by the UN Charter, because if that were true there would be no wars, there would be perpetual peace, but unfortunately that does not occur."

Peru rejected the signing of a nonaggression pact with Ecuador because it was an "ominous idea" for the international community said Tudela.

Tudela recalled on 19 February that war is prohibited by the UN Charter.

Leoro's comments were made one day before Tudela arrives in Quito to continue studying the procedures which will be the basis for future negotiations to solve the territorial problem which led to a military conflict between the two countries.

The Ecuadoran Foreign Ministry confirmed today that in addition to the meeting with Galo Leoro, Tudela will also meet with President Sixto Duran-Ballen in the Corondelet Presidential Palace.

Ecuador: Leoro Says Rio Protocol Contains 'Real Defects'

PY2202023096 Madrid EFE in Spanish
2351 GMT 21 Feb 96

[FBIS Translated Text] Quito, 21 Feb (EFE) — Ecuadoran Foreign Minister Galo Leoro today said that the Rio de Janeiro Protocol, which established the borderline with Peru, is an instrument that is in force but that has "possible and real defects." Leoro made this comment one day before meeting in Quito with his Peruvian counterpart, Francisco Tudela.

Leoro asserted: "The Rio Protocol is an instrument that is in force, but this does not mean that because of that it is free of its possible and real defects: The fact that it was imposed by force, that a great portion of it cannot be implemented."

Tomorrow and the day after in Quito Tudela and Leoro will continue negotiations regarding the procedures to be used in search for a peaceful solution to their territorial dispute.

The first talks between the two foreign ministers were held in Lima on 17 January.

In statements to the weekly Ecuadoran magazine QUINCE DIAS, Leoro asserted that "the fact that the protocol is in force should not be considered an acknowledgement of its validity, this is a confusion that exists in some sectors" which he failed to identify.

Peru maintains that the possible solutions to the border problem should necessarily fall within the framework of the Rio de Janeiro Protocol, that in 1942 sealed peace between Ecuadorans and Peruvians, after a war over a territorial dispute in the Amazon, and established a new borderline.

Ecuador has denounced the mentioned treaty and until a few years ago it even questioned its validity because it believed it could "not be implemented."

The Ecuadoran foreign minister asserted that the protocol is an instrument that exists "with which we have coexisted lately, in the practical sense of the situation" and admitted that "it has provided us some borderlines."

However, he added, "we have criteria and interests to defend and our historical Amazon spirit is still and will always be alive."

Leoro referred to the Ecuadoran claim of sovereignty over a portion of the Amazon River, which is not fulfilled although it is stated in the Rio de Janeiro Protocol.

Leoro asserted that with Tudela "I share an easy relationship. He is willing to talk, he has an intelligent and clear way of expressing his viewpoints," and asserted that "we share coinciding and disagreeing viewpoints, but we can each express our opinions."

He added that "we are involved in a peace process, a rapprochement and understanding process, trying to avoid any disagreement between the border detachments from getting out of hand."

He then said that "if we had peace, and better still if it were definite, it would greatly contribute to integration."

The border disagreements in the Amazon between Ecuador and Peru resulted in military clashes in 1941, 1981, and 1995.

Ecuador: General Says Peruvian Troops Not Demobilized

PY2202024296 Madrid EFE in Spanish
0132 GMT 22 Feb 96

[FBIS Translated Excerpt] Quito, 21 Feb (EFE) — General Jorge Ortega, chief of the Ecuadoran Armed Forces Joint Command, said today that Peru "has not completed the demobilization" of the troops in the zone near the areas where the military conflict took place in the Amazon early last year.

"Peru has not yet completed the demobilization and Ecuador believes that the demobilization must be fulfilled," said General Ortega, who recalled that this commitment is in "Point 5 of the Itamaraty [Brazilian Foreign Ministry headquarters] Peace Declaration, which is the document that brought peace after the military conflict.

Point 5 calls for the demilitarization of the military conflict zone between the two countries, and the demobilization of troops, and military equipment from the zones near the theater of operation of the undeclared war between the two countries.

The military conflict between Ecuadoran and Peruvian troops took place from 26 January to 28 February 1995 over the possession of a territory in an inhospitable region of the Amazon, 350 km south of Quito.

"The MOMEP [Ecuador-Peru Military Observers Mission] and the guarantor countries promised to watch over the fulfillment of the points" of the Itamaraty Peace Declaration said Ortega, who added that he plans to meet with his Peruvian counterpart General Nicolas de Bari Hermoza on 1 and 4 March in Quito. [passage omitted]

Paraguay

Paraguay: Article Decries Trade Deficit, Illegal Trade

PY2202004496

[FBIS Report] Asuncion ULTIMA HORA in Spanish on 27 January publishes a 700-word article by Fernando Masi entitled "The Worrisome Foreign Sector." The author claims that while Paraguayan exports have decreased by 20 percent over the last six years, imports have grown by 300 percent in the same period. Masi states that even if re-exports and nonregistered imports are included, the trade deficit climbed from $679 million in 1991 to $1.675 billion in 1995. Moreover, the author contends that re-exports, which account for 50 percent of Paraguay's total exports, consist of sales of foreign goods. The first conclusion at which the author arrives is that a country's exporting capacity is not measured by the level or possibility of exporting foreign goods.

Masi further states that Paraguay's trade deficit would not be worrisome if this deficit were to have been incurred through the import of capital goods and inputs to be used for production purposes. The problem, according to the author, lies in the fact that imports of consumer goods accounted for 69 percent of total imports in 1995, up from 61 percent back in 1991. Masi states that although the balance of payment position is favorable, it is financed with short-term capital, which in turn funds informal or speculative activities. Another conclusion that Masi draws is that the trade deficit and the behavior of the balance of payments point to the stagnation of Paraguayan productive capacity.

The author adds that the unregistered foreign trade, particularly third-party sales, thrived in Paraguay encouraged by Brazilians and Argentines — who in this way avoided paying taxes at home — and by the Paraguayan Government, which clings to this type of transactions because they contribute to increase government revenues. Nevertheless, Masi says that Paraguay's illegal trade is affecting Argentine and Brazilian fiscal and commercial accounts and that our neighbors' governments are willing to put an end to this problem. In concluding, the author says that Paraguay's trade model is detrimental to the Common Market of the South and that the negative effects of this model are already noticeable.

Paraguay: Wasmosy's Achievements, 'Mistakes' Assessed

PY1702000796 Asuncion NOTICIAS in Spanish 15 Feb 96 p 18

[Editorial: "Halfway Along the Road"]

[FBIS Translated Text] President Juan Carlos Wasmosy concludes the first half of his constitutional term today, and we think it is appropriate to make a brief review of his administration.

It is obvious that the government has made a number of mistakes in diverse fields, although we must stress that those mistakes occurred during the development of an acceptable pace of work, a pace that is unusual in our country, and which has set a precedent. Some of the president's assistants could not follow his pace and had to resign.

In the past two and a half years, the nation experienced some unrestricted freedoms with an intensity never experienced before. One of those freedoms, the freedom of expression, has developed to unheard of limits. Any citizen has been able to criticize, through any means, any public servant, including the president of the Republic.

Another plus for the government is the consolidation of the democratic process. In order to pursue this objective, the president has developed positive relations with the opposition groups that control the Congress. What could have been a situation of constant frictions and conflicts has developed into an effective coexistence, with some clashes, we admit, between the government and the opposition. This coexistence has made possible the solution by consensus of vital topics such as the reform of the judicial system, for instance. The presidential residence has been a center for constant dialogue and many difficulties were overcome there. The agreements that resulted from those dialogues speak positively of Wasmosy's presidential performance and the maturity of opposition leaders who preferred compromise to confrontation.

The deficit of the Wasmosy administration appears mainly in the social and economic areas. The common citizen feels these shortcomings, which are exemplified in the lack of jobs and in the unpopular measures that his administration had to implement. In another area, the administration has not been able to privatize public companies and has acted hesitantly when facing irregular situations at the Central Bank, as made clear by the fact that all directors retain their respective seats. The population has not seen a firm hand capable of putting some order into the financial chaos. Besides, the country's economic path has not been clearly defined and important aspects of the government program are still awaiting implementation.

Another negative aspect is the situation of the ruling party. The president has not been able to overcome the serious differences affecting the Colorado Party, and their gravest consequence: The crisis that is still preventing a party election and the renewal of the party executive board.

These two and a half years have been a period of work, mistakes, and public freedoms. Above all, they have been a period of democracy, for which we must all continue working until it is definitively consolidated in our fatherland.

Paraguay: 6,000 Workers Demonstrate for Higher Wages

PY1602224496 Asuncion NOTICIAS in Spanish 16 Feb 96 p 28

[FBIS Translated Excerpt] To the tune of frenzied carnival music and with the explosion of fireworks, some 6,000 workers marched from the seat of the National Sports Council to Ultima St. protesting the measures that have been adopted against the workers by the government, according to the union centrals.

The workers carried out their peaceful demonstration during the early evening, watched attentively by more than 200 policemen. The protesters shouted and booed President Juan Carlos Wasmosy and Finance Minister Orlando Bareiro, whom they called a "cretin."

The demonstrators became angry when the National Police harshly repressed a female journalist of the newspaper NOTICIAS, who was covering the demonstration, and when an unidentified cameraman, who, according to the demonstrators, was not associated with any television channel, filmed the demonstration for the government to facilitate identification of the leaders of the demonstration. This, the workers stated, was done in order to provoke them and to create a bad atmosphere. [passage omitted]

Eduardo Ojeda, secretary general of the National Workers Central, stated that the workers are demanding a 35 percent increase in wages and salaries because the pockets of the humble people have been affected. [passage omitted]

They are also demanding that the president resign because he is ineffective, and they are also asking for the resignation of the finance minister, whom they literally burned in effigy for his remarks on a wage increase for the workers.

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